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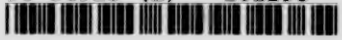

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I. ORGANIZATIONAL MATTERS

1. The Secretary of the Executive Board informed delegations that, following a decision of the Bureau, the third regular session 1998 was being held on 14-16 September and 21-22 September in order to allow delegations to take part in the high-level dialogue of the General Assembly on the theme of the social and economic impact of globalization and interdependence and their policy implications, which had been scheduled for 17-18 September.

2. The Executive Board approved the agenda and work plan for the third regular session 1998 as contained in document DP/1998/L.4 and Corr.1 and as orally amended by the Secretary. Given the lack of time for an adequate discussion, the Board decided to postpone consideration of the reports of the 1998 field visits (to Bangladesh, Tunisia and Lebanon, and South Africa (item 14)) to the first regular session 1999. One delegation requested that the consideration of the reports of the field visits be covered under a separate agenda item, underscoring the importance that the Board attached to a full discussion of such reports. The Secretary informed the Board that in the report on the field visit to South Africa (DP/1998/CRP.15) Pakistan should be added to the list of participating countries. The Board also decided to postpone consideration of agenda item 13 on UNFPA and sector-wide approaches to the second regular session 1999.

3. The Executive Board agreed to the following schedule of sessions in 1999, subject to the approval of the Committee on Conferences:

First regular session 1999:	25-29 January 1999
Second regular session 1999:	5-9 April 1999
Annual session 1999:	14-25 June 1999 (New York)
Third regular session 1999:	13-17 September 1999

4. One delegation noted the importance of maintaining the dates as adopted, pointing out the difficulties that had been caused by the rescheduling of the third regular session 1998. Another delegation expressed the hope that in order to avoid difficulties for several delegations, future meetings of the Executive Board would not take place at the time of the General Debate in the General Assembly. The Board agreed to the subjects to be discussed at the first regular session 1999. The Secretary pointed out that at the request of the Board, the tentative work plan for the first regular session 1999 allowed for a one-half day joint meeting with the United Nations Children's Fund (UNICEF) Executive Board. The final determination of when to hold such a meeting and its agenda would have to be decided by a joint meeting of the Bureaux of the UNDP/UNFPA and UNICEF Executive Boards. As requested in the discussion, the Executive Board of the World Food Programme would be invited through its Bureau to participate in the joint meeting.

5. The Executive Board took note, without comment, of the proposed annual work plan for 1999 (DP/1998/CRP.10), subject to a final decision to be taken at the first regular session 1999.

UNDP segment

Introductory statement by the administrator

6. In his opening statement to the Executive Board, the Administrator announced that he would be leaving UNDP effective 30 June 1999. He said, however, that much remained to be done before the end of his term and that his goal would be to accomplish as much as possible during that period. In that regard, he spoke of the ongoing reform process, the need to put funding on a more secure and predictable basis and the need to demonstrate better the impact of UNDP programmes. He emphasized that his goal at UNDP would be to continue to work on forging a world alliance against poverty.

7. In briefing the Executive Board on recent developments, the Administrator concentrated on four major themes. In the area of sharpening the profile of UNDP, he reported on the benefits being reaped by the selection of two Goodwill Ambassadors for UNDP and the production of new promotional materials. In terms of partnerships, he reported on discussions with the World Bank and with bilateral donors. In the area of results, he mentioned the testing of a methodology for measuring results in the areas of poverty and governance for poverty eradication in 10 programme countries. In terms of improvement of organizational capacity, he mentioned staff development, the continuing United Nations reforms and the revision of the job description of Resident Coordinator. He also reported that the assessment of the pilot phase of the United Nations Development Assistance Framework (UNDAF) was nearing completion and that a briefing would be made to the Second Committee of the General Assembly in October.

8. The Administrator announced that the first report on overcoming human poverty would be issued in October and that it would highlight country experience in the eradication of poverty and the role that UNDP could play. The recently released Human Development Report 1998 had shown that inequalities in the distribution of world income had increased: 20 per cent of people in the richest countries accounted for 86 per cent of total private consumption expenditures in the world while the poorest 20 per cent accounted for only 1.3 per cent. He mentioned some of the work that UNDP was doing to ameliorate that situation.

9. The Administrator then emphasized, however, that if UNDP was to carry out the above-mentioned work, it needed the requisite financial resources. As background to the discussion later in the session on funding strategies for UNDP, the Administrator reported that regular core resources for the organization continued to decline: about 90 per cent of the decline was due to the appreciation of the value of the dollar. He stressed the importance of putting UNDP funding on a sustainable basis.

10. In commenting on the Administrator's statement, numerous delegations expressed regret at his planned departure and appreciation for the work he had accomplished during his tenure. They wished him success in his new position. They also pledged to continue to work closely with him on outstanding issues during the remainder of his term. Several delegations reiterated the theme of the Administrator that if UNDP was to carry out its mandate, it needed increased

and predictable resources. Two delegations expressed the desire that the next Administrator be chosen from European Union countries, which together provided the largest amount of funding for the organization.

11. One delegation mentioned the Administrator's commitment to fostering South-South cooperation and expressed its appreciation for those efforts. Another recalled the Administrator's great interest in Africa and his work to alleviate poverty there. A delegation from eastern Europe expressed its appreciation for the work that UNDP had done in helping countries with economies in transition to meet the challenges they faced. It hoped that the organization would not find it necessary to decrease its financial support for activities in that region. Another delegation commended the Administrator for his efforts to establish and strengthen the resident coordinator system; it wished to see those efforts continue.

12. In thanking delegations for their support, the Administrator concluded by saying that the greatest challenge for his successor would be to galvanize resources for the organization at a critical moment in its history.

II. FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Annual review of the financial situation, 1997

13. The Assistant Administrator and Director, Bureau for Financial and Administrative Services, introduced the reports of the Administrator on the annual review of the financial situation, 1997 (DP/1998/29 and Corr.1), detailed information relating to the 1997 annual review of the financial situation (DP/1998/29/Add.1) and the report of the Administrator on information on United Nations system technical cooperation expenditure, 1997 (DP/1998/33) and its addendum on information on United Nations system regular and extrabudgetary technical cooperation expenditures financed from sources other than UNDP, 1997 (DP/1998/33/Add.1).

14. Many speakers commented on the clarity of the improved, harmonized format and the quality of presentation of information in the annual review of the financial situation for 1997. One delegation recommended that other funds and programmes should follow that format as well. Of primary concern to most delegations was the decline in voluntary contributions and the forecast reduction of the balance of regular resources to zero even though that was in keeping with the wishes of the Executive Board. Queries were raised about the level of the regular resource expenditures forecast in the biennial support budget, which did not change with the forecast reduction in income and programme expenditures. One delegation pointed out administrative expenditures and support costs were likely to remain more or less the same over the next two years in that they had already been approved in the biennial budget. Since, however, the amount of programmable resources available to UNDP would most likely decrease over that same period, the share of resources utilized by UNDP for administrative costs was bound to increase, perhaps even to levels above 30 per cent. The delegation stated that it could be a serious drawback in its fund-raising efforts for UNDP to have a considerably higher share of administrative costs than other United Nations development agencies.

15. One delegation stated that table 18 of document DP/1998/29 should be presented on the basis of core contributions, not as the addition of regular and other resources, because that presentation mixed different concepts. Several delegations welcomed the increase in programme delivery under the national execution modality. One delegation queried the flexibility of support costs that were paid to executing agencies, asking if different rates could be charged for different activities.

16. One delegation stated that it would hold its questions on the operational reserve until the first regular session 1999, based on the comments made by the Assistant Administrator, Bureau for Financial and Administrative Services, on the paper to be presented at that date. One delegation asked why the biennial support budget for trust funds had increased when income had decreased. Another delegation welcomed the increase in other resources and suggested that the distribution of target for resource assignment from the core (TRAC) resources should be reduced in countries that received a high level of other resources. One delegation stated that in its view, the implementation of some programmes would have to be lengthened as a result of the declining volume of general resources. The delegation cautioned against the reliance on a small number of donors and emphasized that UNDP needed a funding strategy for the future and that political will had to be mobilized to increase core funding.

17. The Assistant Administrator, Bureau for Financial and Administrative Services, and the Assistant Administrator and Director, Bureau for Planning and Resource Management, responded to the questions and comments raised. They noted that UNDP was planning to programme available resources only and not the operational reserve. On the question of general resources, it was stated that UNDP shared the concern of delegations about the administrative costs to programme ratio and was reviewing it on three fronts: programme volume, cost cuts and income. They also clarified that, in the short term, the biennial support budget had limited flexibility to contract against further downward adjustments in programme expenditures. Based on economies of scale, UNDP could fully absorb more programme funding, which would have an obvious effect on the ratio. Efficiency gains were expected from various activities being undertaken as part of the UNDP 2001 change management process, including greater automation, simplification and decentralization. The size of the country office network would also impact on costs.

18. The administration stated that in the past, a fixed percentage of extrabudgetary income from other resources was charged for support costs. Managers would now be encouraged to look at the actual cost of support projects, which varied in size and complexity. With regard to the issue that the level of the biennial support budget for trust fund expenditures for 1997 had shown an increase while income had decreased, it had to be understood that income was received ahead of activities that might need continued administrative support in future years. The administration took note of the comments on the presentation of the table on donor contributions and said that the data would be presented differently in the future.

19. The Executive Board noted the increase in programme expenditures, which in 1997 exceeded voluntary contributions, and also noted the continuing critical

shrinkage in the level of voluntary contributions to regular resources and the depletion of the balance of resources available for core activities.

20. The Executive Board took note of the reports of the Administrator on the annual review of the financial situation, 1997 (DP/1998/29) and detailed information relating to the 1997 annual review of the financial situation (DP/1998/29/Add.1), as well as the report of the Administrator on information on United Nations system technical cooperation expenditure, 1997 (DP/1998/33) and its addendum on information on United Nations system regular and extrabudgetary technical cooperation expenditures financed from sources other than UNDP, 1997 (DP/1998/33/Add.1).

Activities of the UNDP Inter-Agency Procurement Services Office and the Annual Statistical Report

21. The Assistant Administrator and Director, Bureau for Financial and Administrative Services introduced document DP/1998/30 on the activities of the UNDP Inter-Agency Procurement Services Office (IAPSO) together with document DP/1998/31 covering the procurement statistics of the United Nations System for the year 1997.The Assistant Administrator briefly addressed a number of specific activities undertaken by IAPSO in line with its basic mandates.

22. With regard to its role in coordinating the efforts of United Nations entities in developing common tools and practices for cost-effective and transparent procurement, the Assistant Administrator underscored the leadership and contributions of IAPSO in the development of the United Nations Common Supplier Database, in support of procurement reform. She also pointed out that the report noted that IAPSO had increased its support functions to UNDP country teams to strengthen the procurement capacity of the national execution units, notably through the provision of advice and training.

23. On the direct procurement services offered by IAPSO to the United Nations system as a whole and to the development community in general, in particular the Governments of UNDP programme countries, the Assistant Administrator indicated that those activities had grown significantly and that UNDP saw a continuing demand and growth potential for such services in the future. In that context, she also referred to the initiatives by IAPSO and other United Nations organizations to cooperate more closely with UNDP and its partners to ensure that clients' demands were met by calling on the entity best positioned to execute the procurement request.

24. The Assistant Administrator assured delegations that IAPSO was continuing its special efforts to facilitate access of vendors to the procurement system of the United Nations through organizing business seminars and by providing guidance and access to information on business opportunities. She addressed the issue that the procurement statistics published by IAPSO reported data based on the country where the purchase was made, not on the basis of the country of origin of the manufacturer, as was sometimes requested. She reported that IAPSO was not able at this point to obtain such information from United Nations agencies that had made the purchases. Finally, the Assistant Administrator drew the attention of the Executive Board to the fact that, in 1997, the share of

procurement from sources in developing countries remained at a high level of 67 per cent of all procurement funded by UNDP.

25. Several delegations expressed satisfaction with the report of the Administrator on the activities of IAPSO. One delegation emphasized its particular appreciation for the work of IAPSO in the area of procurement of goods with environmentally friendly specifications, and encouraged it to continue that effort. Another delegation welcomed and supported further growth of IAPSO procurement services in support of and in close cooperation with the Governments of UNDP programme countries. It also encouraged further efforts on the part of IAPSO to pursue joint procurement initiatives with other United Nations entities.

26. The Executive Board took note of the report on the activities of the Inter-Agency Procurement Services Office (DP/1998/30) and of the 1997 Annual Statistical Report (DP/1998/31).

Revisions to the UNDP Financial Regulations and Rules

27. The Assistant Administrator and Director, Bureau for Financial and Administrative Services, introduced both the strategy for a comprehensive revision to the UNDP Financial Regulations and Rules for completion in 1999, as well as proposed changes to financial regulations covering the biennial support budget, cost-sharing from non-governmental sources and procurement, which were contained in document DP/1998/32. The Assistant Administrator also addressed the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the proposed changes (DP/1998/37).

28. The proposed changes with respect to the biennial support budget were the consequence of the decisions by the Executive Board on the harmonized presentation of the budgets of the funds and programmes and primarily reflected changes to the terminology. The text of the procurement regulations was developed by the Working Group on Procurement established in the context of the Common Services Task Force by the United Nations Assistant Secretary-General for Central Support Services and was an integral part of the United Nations reform process. It was noted that the text had been submitted by UNFPA in an identical form (see document DP/FPA/1998/10) and that other funds and programmes were considering adoption of the text as well.

29. The Assistant Administrator addressed a policy matter raised by ACABQ in its report concerning the use of non-staff members for procurement. She recalled decision 95/29, whereby the Executive Board approved changes to regulations to allow the Administrator to delegate authority to non-staff members for the receipt, custody, obligation and disbursement of funds, based on the need for UNDP, on an exceptional basis, to use contracted staff at local level. She recalled how the Executive Board specifically welcomed the initiative as a positive step towards better utilization of national capacity in UNDP programmes and projects. It was further noted that procurement authority in such circumstances was for limited amounts and that there was no evidence to suggest that the fundamental principles governing procurement were being compromised. The policy matter had been raised at ACABQ in light of paragraph 21 of General Assembly resolution 52/226 of 27 April 1998 on

procurement reform and outsourcing. The Assistant Administrator assured the Executive Board that UNDP intended to conform with the request not to delegate procurement authority to gratis personnel. She expressed her hope that the Executive Board would endorse, as a matter of policy, the continued use of delegation of authority to non-staff members in relevant situations, approving the proposed regulations as submitted. Delegations made no further comments.

30. The Executive Board adopted the following decision:

98/18. UNDP: Revisions to the Financial Regulations and Rules

The Executive Board

1. Notes the proposed revised structure for the UNDP Financial Regulations and Rules contained in annex I of document DP/1998/32;

2. Approves the proposed revisions to the current version of the UNDP Financial Regulations and Rules (UNDP/FIN REG & RULES/Rev.1 and Rev.2) contained in annex II, sections A, B and C of document DP/1998/32.

22 September 1998

31. The Executive Board took note of the report of the Advisory Committee on Administrative and Budgetary Questions and on the revisions to the UNDP Financial Regulations and Rules (DP/1998/37).

III. COUNTRY COOPERATION FRAMEWORKS AND RELATED MATTERS

Successor programming arrangements

32. The Administrator introduced document DP/1998/34 on the review of the UNDP successor programming arrangements. He stated that the review provided an opportunity to assess achievements after some 20 months of full operation and to identify where UNDP programming procedures required further revamping.

33. As reflected in the review, he confirmed that the basic principles of Executive Board landmark decision 95/23 were being reflected in UNDP programming: greater decentralization; streamlined programming procedures; simplified planning instruments; and a shift to a three-year, rolling resource planning framework. The challenge of implementing the TRAC system to reward high-quality, focused programming for sustainable human development had required UNDP to make many far-reaching changes in its operations while at the same time taking into account the special needs of low-income and least developed countries as well as countries requiring additional capacity-building. With the transition complete, further steps were under way to achieve greater programme focus, simplify programming and resource assignment procedures, decentralize and harmonize procedures with other agencies, and apply the guiding principles in implementation.

34. Moving to the financial framework, the Administrator noted that while non-core resources had increased, the target for core resources established in decision 95/23 had unfortunately not been met. Given the consequent adjustments in programming levels, he emphasized that, for continuous and smooth resource planning, UNDP would need to proceed with the already delayed roll-over of the planning period into the year 2001. Taking into account the deliberations of the Open-Ended, Ad Hoc Working Group on the Funding Strategy for UNDP, the Board was being asked to consider an extension of the financial framework of decision 95/23 to cover the years 2000 and 2001, including the provisions of paragraph 25 of decision 95/23, which aimed to safeguard the organization's financial integrity. Such an extension would also apply to the earmarkings for individual programme lines, and possibly include a streamlining of the support cost earmarkings, as recommended in the review document.

35. He noted that in extending decision 95/23, the Executive Board could also consider the TRAC 1 distribution methodology to be applied, including the possible introduction of 1997 gross national product (GNP) data; discussion of the latter also could be deferred to the first regular session 1999. As proposed in paragraph 88 of the review document, the Board might also wish to include in the distribution calculations "other resources" for countries in Europe and the Commonwealth of Independent States, as well as the transfers to TRAC resources that would result from the recommended streamlining of the support cost earmarkings.

36. The Administrator closed his introductory comments by reiterating the strong belief of UNDP in the principle of graduation and reconfirming the very important contribution of net contributor countries (NCCs) to the work of UNDP and the operational activities of the United Nations system. He indicated that a more in-depth discussion of NCC issues could take place at the first regular session 1999.

37. Delegations commented favourably on the comprehensive nature of the document, noting that a number of the complex issues that had been raised would require further discussion by the Executive Board, including at its first regular session 1999.

38. Enhancements made to the overall quality, focus, decentralization and effectiveness of UNDP programmes through the TRAC system were commended. A number of countries cited the important contributions UNDP was making to the advancement of sustainable human development, follow-up on global conferences and conventions, and technical cooperation among developing countries, as well as to a range of critical reforms, especially in countries in transition.

39. A number of speakers acknowledged the burdensome nature of the TRAC programming procedures and documentation requirements, with one speaker noting that the efforts were often not commensurate with the level of resources available. Delegations urged further streamlining of programming requirements and increased decentralization. Clear proposals on how the flexibility of the current TRAC system could be enhanced were requested for review during the first regular session 1999.

40. With regard to streamlining and simplifying the programming process, one speaker suggested that UNDP should encourage greater use of the common country assessment, which could lead to the elimination of the UNDP advisory note. Several speakers raised the need to take into account United Nations system reforms and to make more explicit the relationship between United Nations Development Assistance Frameworks (UNDAFs) and country cooperation frameworks (CCFs), and the implications thereof for the role of resident coordinators.

41. Several speakers requested additional information on the implications of the move from an ex ante to an ex post system of review. In that regard, one speaker requested that a briefing be scheduled at the first regular session 1999 on the proposed ex post system, as well as on the performance indicators and impact assessment that would support the system.

42. The planned evaluation of TRAC 3 was welcomed, as was its role in leveraging complementary resources. While acknowledging that it was still too early to evaluate the regional cooperation frameworks, one speaker requested a brief report on the current status of regional activities.

43. Many delegations noted that the implementation of the arrangements, especially the TRAC system, had been compromised by the serious shortfall in resources, which had caused the Administrator to extend the funds intended for the first three-year rolling resource planning period to cover a fourth year. Problems experienced by resident representatives and Governments in adjusting CCFs in line with the shortfall were cited by some speakers, who emphasized that programme countries must be able to plan on the basis of realistic targets.

44. Many delegations strongly urged a renewed commitment to achieving the established core resource target, with one speaker noting that since the 1998-1999 support budget had already been covered, all new contributions for the period could flow to programmes. Another speaker emphasized that core funds must remain the bedrock of UNDP if the impartiality, neutrality and universality of the organization were to be maintained. One delegation pointed out that the shortfall in core funds and the rise in non-core contributions suggested a basic structural change, with implications that ought to be explored further.

45. Many delegations concurred with the proposed interim extension of the financial framework of Executive Board decision 95/23 until further discussions could be conducted on the more complex issues raised in the review, including the planning figure and the relation of the framework to the biennial support budget. A number of speakers voiced their concern that the biennial support budget clearly differentiate between programme and administrative costs and be as transparent as possible.

46. Many speakers agreed with the proposed simplification of the support cost elements proposed as part of the extension although some requested additional clarification of the background and implications of the changes.

47. Considerable discussion took place on the TRAC 1 resource distribution methodology, with the general consensus being that the Executive Board would examine the issues involved in more detail at its first regular session 1999,

underlining the overall principle of concentrating resources in the poorest countries.

48. While many delegations agreed that it would be logical to update GNP data, they stated that they would need to review more detailed analyses of the implications of using 1997 figures, especially as some countries might shift categories. Speakers also endorsed the incorporation of "other resources" in the TRAC 1 calculations for countries in Europe and the Commonwealth of Independent States, as described in paragraph 88 of the review document, with one delegation requesting clarification on how that would apply.

49. Delegations that spoke about NCCs welcomed the possibility of a comprehensive discussion of the subject by the Executive Board at its first regular session 1999, and indicated that the Board would provide guidance on the additional analyses required on such issues as graduation, thresholds, administrative costs (including those at headquarters), and the possibility of managing NCCs as a separate category. One delegation urged innovative thinking about incentives to make graduation an attractive option.

50. The Administrator expressed appreciation for the positive references to the role of UNDP in programme countries and for the diversity of views provided on a range of important issues. He confirmed that additional information would be provided on the effect of using 1997 GNP data, NCC issues, and any other matters, in line with guidance provided by the Executive Board. He also confirmed the importance of continuing to examine the non-core situation and suggested that that be done in the context of the reporting requested under decision 98/2 on non-core resources.

51. The Administrator stated that he was also grateful for the many constructive comments and support expressed concerning an interim extension of decision 95/23. He emphasized that the concerns of the countries in Europe and the Commonwealth of Independent States had been duly noted and indicated that UNDP would work with the Board to arrive at appropriate solutions that would be fair to all regions.

52. The Assistant Administrator and Director, Bureau for Planning and Resource Management, clarified that the alternative format for the financial framework contained in the review document should be considered as withdrawn, as it had been overtaken by the deliberations of the Open-Ended, Ad Hoc Working Group on the Funding Strategy for UNDP. It was also clarified that the proposal concerning support cost line 1.6 did not involve changes to either the arrangements for national execution or the reimbursement of administrative and operational services. In addition, the proposed change to support cost lines 2.2 and 2.3 was not an elimination, but rather a merger that would provide greater flexibility in the application of those funds, in line with the principles of decentralization. He then offered to provide individual explanations to delegations on some of the more technical queries raised in the discussion.

53. With regard to an ex post system of review, the Director, Operations Support Group (OSG), explained that programme performance indicators for two of the sustainable human development focus areas, namely, poverty and governance,

were currently being pilot-tested in 11 programme countries and would be further refined through a major workshop of the Development Assistance Committee of the Organisation for Economic Cooperation and Development, which UNDP would be hosting in October 1998. It was acknowledged that, even with the implementation of an ex post system, there would still be a need to develop and use indicators in ex ante reviews of country cooperation frameworks (CCFs) and other programme documentation.

54. With regard to the impact of the UNDAF on UNDP programming processes, she explained that the recently completed assessment of the pilot phase would be the subject of a major workshop, scheduled to be held later in September 1998. Once that had taken place, it would be easier to determine what type of adjustments should be made to UNDP programming instruments, particularly CCFs.

55. With regard to the request for information on the current status of regional cooperation frameworks, the Director, OSG, explained that those programmes were slated to be evaluated in mid-2000, and the findings would be presented to the Executive Board at its first regular session 2001.

56. The Executive Board adopted the following decision:

98/19. Successor programming arrangements

The Executive Board

1. Takes note of the review of the successor programming arrangements contained in document DP/1998/34, the improvements made in the programming processes and further streamlining planned, as well as the adjustments to authorized programming levels made in accordance with paragraph 25 of decision 95/23, as described in paragraphs 28-31 of document DP/1998/34;

2. Recognizes that the outcomes of the Open-Ended, Ad Hoc Working Group on the Funding Strategy for UNDP, as adopted in decision 98/23, will have implications for the financial parameters of the programming arrangements;

3. Decides to apply the various financial planning parameters of decision 95/23 for the years 2000-2001, including the provisions of paragraph 25, and requests the Administrator to proceed with programme planning and implementation on this basis;

4. Endorses the proposed extension of the percentage earmarkings for programme resources set out in decision 95/23, with the following modifications, as described in paragraphs 76-83 of document DP/1998/34:

(a) From 2001 onwards, the separate percentage earmarking for implementation services shown under line 1.6 will be transferred in its entirety to the earmarkings for target for resource assignments from the core lines 1.1.1 and 1.1.2 (TRAC 1 and 2), with the reimbursement of administrative and operational services to continue as a negotiated arrangement with eligible United Nations entities, and as a reporting mechanism;

(b) From 2001 onwards, the separate percentage earmarkings for support for policy and programme development and for support for technical services shown respectively under lines 2.2 and 2.3 will be merged into a single earmarking under line 2.2, and adjusted in line with paragraph 80 of document DP/1998/34;

5. Reaffirms the basic methodology for the distribution of resources as described in paragraphs 21-26 of decision 95/23 as the basis for calculating TRAC 1 earmarkings for individual countries, as well as for overall TRAC allocations, with the following modifications from the year 2001:

(a) The financial and programming parameters set out in paragraphs 3 and 4 of the present decision;

(b) The inclusion of "other resources" as noted in paragraph 88, footnote 11 of document DP/1998/34;

6. Reaffirms the principles of net contributor country status and of graduation and welcomes the important role of net contributor countries in the programme;

7. Requests the Administrator to examine ways to improve the flexibility in the allocation of TRAC 2 resources and report the findings to the Executive Board at its first regular session 1999;

8. Requests the Administrator to provide the Executive Board at its first regular session 1999 with possible implications for programming arrangements resulting from the assessment of the pilot phase of the United Nations Development Assistance Framework;

9. Requests the Administrator to submit at the first regular session 1999 a detailed analysis of the implications of the various scenarios outlined in paragraphs 91-97 of document DP/1998/34, including: (a) the full cost implications for both Governments and UNDP of maintaining offices in net contributor countries, including the support provided by headquarters and (b) the implications for the resident coordinator system and for the additional services relating to United Nations system representation provided by UNDP offices in net contributor countries;

10. Requests the Administrator to provide the Executive Board at the first regular session 1999 with an analysis of the proposal made in paragraph 96 of document DP/1998/34 to take net contributor countries out of the TRAC calculation model and manage and monitor this category as a separate group of programme countries.

23 September 1998

Country cooperation frameworks and extensions

57. The Executive Board approved the first country cooperation frameworks for Burundi (DP/CCF/BDI/1), Equatorial Guinea (DP/CCF/EQG/1), Costa Rica (DP/CCF/COS/1), and Paraguay (DP/CCF/PAR/1). The Board also approved the extension of the first country cooperation framework for Bangladesh

(DP/CCF/BGD/1/EXTENSION I), the second extension of the third country programme for the Cayman Islands (DP/CP/CAY/3/EXTENSION II), and the extension of the fifth country programme for Ecuador (DP/CP/ECU/5/EXTENSION I).

58. While the secretariat had not received a formal request from members of the Executive Board for a separate discussion of any of the CCFs or extensions, the Vice President opened the floor for general comments or specific questions.

59. The delegation of Georgia expressed the respect and gratitude of its Government to UNDP and UNFPA for the invaluable support of those organizations in its country. The speaker observed that the institution of the resident coordinator system - its sophisticated and well-planned work and productive cooperation with Government - had contributed greatly to the stability of his country. The delegation supported the new strategy of cooperation by which UNDP functioned not only as a donor but worked in partnership with countries as well. UNDP had functioned as a genuine bridge of peace. Measures implemented under its programme had become linked to the region's plan for rehabilitation.

60. One delegation made several general observations about the CCFs. The speaker stressed a number of positive elements, such as the efforts made by UNDP and its partners to focus its work better on a limited number of priority sectors and the increasing importance given to civil society and the desire to bring it more into play in all phases of development. Nonetheless, the delegation wondered how, specifically, UNDP would attain that goal, especially given the unstable security situation characterizing a certain number of programme countries, including Burundi. The speaker also asked about the impact of the findings of national human development reports. It was difficult for his delegation to gain a real impression as to the extent to which the conclusions and recommendations issued by the Executive Board had been taken into account in elaborating the CCFs. The same applied to the application at the national level of action plans adopted at major national conferences, about which the CCFs said little. The delegation was aware that CCFs were general frameworks confined to spelling out major guidelines. The speaker noted that CCFs must be followed by programmes and projects relevant to the above-mentioned concerns.

61. Another delegation welcomed the first CCF for Burundi and noted past remarks in other meetings that had complimented the UNDP-supported programme there. The delegation also observed that the political difficulties that had occurred in the past in the country had presented the challenge of maintaining neutrality while continuing to implement programmes. The UNDP Resident Representative/United Nations Resident Coordinator had been able to bring the various United Nations agencies together and to mobilize them for effective action, particularly in the humanitarian field. UNDP was playing a lead role in Burundi, coordinating humanitarian activities and assistance with donors, the United Nations, other multilateral donors, non-governmental organizations (NGOs) and the Government.

62. The delegation of Burundi congratulated UNDP on the calibre of the documentation submitted to the Executive Board and on the important work it had carried out in its country. The delegation wished to express its Government's gratitude to UNDP for providing, over the past several years, assistance within Burundi and in dialogue across its borders to rebuild peace.

63. The Assistant Administrator and Director, Regional Bureau for Africa, thanked the delegations that had taken the floor to commend the work done by the UNDP Resident Representative/United Nations Resident Coordinator in Burundi. As for the way in which Executive Board decisions were implemented in the CCFs, the Programme Management Oversight Committee, which was chaired by the Associate Administrator, monitored how CCFs were addressing decisions adopted by the Executive Board. In that Committee, careful consideration was given to what was contained in CCFs and how the frameworks would meet decisions adopted by the Executive Board, especially those decisions that related to focus and the overall approach of UNDP.

64. The Associate Administrator further briefed the Executive Board on the process followed. The UNDP country office prepared an advisory note, in consultation with other United Nations agencies and programmes as well as bilateral donors and civil society. That advisory note was then reviewed at headquarters in the Programme Management Oversight Committee and sent back to the country office to be submitted to the Government of the programme country. The CCF was a Government-owned document, based upon the advisory note. If national human development reports existed, their findings, in terms of the country situation analysis and the priority areas where UNDP interventions would be most helpful and useful, were taken into account in the preparation of the advisory note. Conference follow-up was carried out not simply through the CCF; that process was now very much linked to the resident coordinator system. Resident coordinators were required to ensure coordinated follow-up to United Nations conferences, mainly through the setting up of thematic groups composed of the different United Nations entities present at the country level. While conference follow-up might not stand out clearly in the CCFs, it did not mean that it was not happening at the country level. The United Nations, through its different entities, was trying to support countries in their own efforts to meet the targets and objectives that they had agreed to within the context of these major conferences. The Associate Administrator added that UNDP would take note of the comments made on the subject and ensure that the UNDP contribution to coordinated follow-up of United Nations conferences would be taken into account during the reviews of CCFs.

Implementation of the first country cooperation framework for Nigeria

65. Pursuant to Executive Board decision 97/25 on the first country cooperation framework for Nigeria (DP/CCF/NIR/1), the Assistant Administrator and Director, Regional Bureau for Africa, provided an update on the implementation of the framework.

66. The Assistant Administrator noted that considerable progress had been made in implementing the CCF according to the modalities spelled out in Executive Board decision 97/25. As had been specified in the decision, the programme implementation process had been closely underpinned at local levels, through enhanced participation of NGOs and civil society. Working with civil society and community-based organizations had necessitated that UNDP also assist in building their capacity to perform as effective partners. Capacity-building had not been limited to NGOs and community-based organizations, but had also been a central aspect of support to the Government at the local level, aimed at strengthening its ability to work with civil society and community-based groups.

In order to promote effective ownership and broad participation in programme implementation, stakeholder boards had been established for all programmes. Monitoring and evaluation had also been an integral part of the programming process, and monitoring and evaluation units in the states had been strengthened. The evolving political situation in the country towards democracy and economic accountability should work to enhance the delivery rate, long-term sustainability and impact of UNDP-supported programmes. The new modalities that had been established at the local government level were estimated to be well received by members of civil society.

67. The delegation of the Government of Nigeria thanked the Assistant Administrator for her statement and observed with appreciation that the UNDP Resident Representative had supplied information for a candid and prompt assessment of the programme. The delegation stated that it understood the concern and interest that had led one year previously to the inclusion of the three-element provision contained in decision 97/25 on the Executive Board's approval of the CCF, which covered the period 1997-2001. The speaker wished to assure all friends of Nigeria that there could not be a better enabling environment for the peaceful and successful execution of the CCF than the recent political, social and economic programmes and activities initiated by the new administration in Nigeria. With 29 May 1999 scheduled for handover to a democratically elected civilian government, the new administration had involved the population in the formation of political parties under a truly independent electoral commission, which, beginning in December 1998, would conduct elections at all levels - federal, state and local or grass-roots legislative organs. In addition, his country had applied to the United Nations Secretariat for electoral assistance. The process would empower and benefit even the poorest sections of the population.

68. In the area of human rights, all political detainees had been released and pardons had been granted to some convicted persons, including a former Head of State. Charges against other detainees also had been withdrawn. The draft constitution presented by the national constitution conference held in 1995 had been published and assurance had been given that public comments and views would be encouraged and considered by the provisional ruling council prior to its promulgation. Self-exiled Nigerians had been called upon to return home and join in national efforts at democratization and economic renaissance. As part of efforts to enhance sustainable human resource development, a census had been proposed for Nigerian professionals and others with special talents that would help to inculcate and spread a spirit of transparency, accountability and probity in public life.

69. The delegation reported that the Government had been investigating the conduct of some of its departments regarding the disbursement and application of public funds with appreciable results. Some voluntary funds had been lodged in a special account in the central bank of Nigeria. Among the activities designed to fight poverty and enhance capacity-building among Nigerians was the increase in the salaries and allowances of public servants currently being implemented. Anticipated personal savings would generate funds for community development. In furtherance of the liberalization of the Nigerian economy and the promotion of efficiency in programme delivery, all laws inhibiting competition in all economic sectors had been slated for repeal. At the same time, partial

privatization had been scheduled for major public enterprises that had hitherto had a negative impact on the population's well-being and Nigeria's economic growth. In the same spirit, the oil companies in Nigeria had been urged to intensify their community interaction and development activities to improve the living conditions of the people, especially within their localities of operations. These were just some of the many current positive developments in Nigeria - positive programmes and activities that would undergird the delivery capacity of the civil society and the Government in the implementation of the CCF.

70. The Executive Board took note of the oral report on implementation of the first country cooperation for Nigeria (DP/CCF/NIR/1).

Assistance to the Democratic Republic of the Congo

71. The Assistant Administrator and Director, Regional Bureau for Africa, briefed the Executive Board on assistance to the Democratic Republic of the Congo, as called for in Executive Board decision 97/19. The country programme that had been authorized by the Executive Board had continued into 1997 on a case-by-case basis, concentrating on the thematic areas of poverty and governance. Support was provided for such activities as the development of a plan for macroeconomic reform, aid coordination, a national campaign against HIV/AIDS, rehabilitation of the public health sector, reintegration and resettlement of internally displaced persons, and rural agriculture development. The next phase of the UNDP programme had been planned to add the thematic areas of management of economic reform and the environment and would take measures to ensure still greater participation of civil society organizations.

72. The programme had recently encountered many constraints, owing to the political transition taking place in the country; however, there were many positive examples of work that had been carried out, including the relaunching of a major agricultural programme in 1997, addressing food security, rural employment creation through agro-industry, the reconstruction of rural feeder roads to transport crops and the rehabilitation of agricultural research institutes, and support for the preparation for the Friends of the Congo meeting with donors, held in Brussels, Belgium, in 1997. Support was also provided for 30 micro-projects on community development in northern and southern Kivu, focusing on income-generating activities and on the rehabilitation of social infrastructure. The programme, which had begun in January 1998, had obligated approximately $700,000 to date. Schools and health centres had been repaired and macro-projects had begun in agriculture. The work was being carried out in close cooperation with NGOs and United Nations specialized agencies. In addition, emergency rehabilitation work had been supported in northern Kivu, in cooperation with the development agencies of Belgium and the United States.

73. Following the Friends of the Congo meeting, UNDP had also been invited to take the lead in capacity-building, particularly for aid coordination and economic management. Such programmes had been under development through thematic groups when the current crisis interrupted their work. UNDP and other United Nations agencies had also been working together with the International Committee of the Red Cross to deliver food and non-food relief to those most in need. In addition, four technical commissions in the areas of health, food,

water and logistics and information had been established with the Government, the donor community, and international NGOs, to identify and meet needs arising from the crisis.

74. The UNDP office had made an important contribution to other pressing activities during the crisis, such as the formulation and implementation of the United Nations contingency plan, based on which international donors and United Nations agencies were currently providing essential relief. Similarly, UNDP had contributed towards the development of an action plan for the protection of minorities, again working closely with other United Nations agencies and the wider international community. The UNDP-funded humanitarian unit operated together with the Office for the Coordination of Humanitarian Affairs to play a key role in recent events, for instance in coordinating responses to shortages of essential goods. UNDP was committed to exercising exceptional flexibility for any rapid programming or reprogramming of resources for the Democratic Republic of the Congo made necessary by the current situation. While the reductions in senior staff numbers in the country because of the crisis caused programmes to be temporarily scaled back, the number of senior United Nations staff in Kinshasa was growing again and the new UNDP Resident Representative was in place. The country team needed to open a dialogue with the Government on priority needs, particularly for the victims of the crisis. UNDP had already made advance preparations to conduct a needs assessment exercise as soon as a ceasefire permitted, in order to identify the most important programme areas without delay. For example, the need for support for a peace or reconciliation process might take priority - at least for the time being - over previous plans. The Democratic Republic of the Congo was currently one of the countries where lengthy programming procedures were not appropriate. While UNDP planned to ensure quick responses to whatever priority needs emerged, the medium- and long-term development needs in the country would no doubt remain similar to those identified before the current crisis erupted.

75. The delegation of the Democratic Republic of the Congo thanked the Assistant Administrator and the Regional Bureau for Africa for the report and their commitment to constructive support in his country. During the current year, the UNDP office in Kinshasa, as the coordinator of United Nations system activities, was intimately involved in the design, preparation, coordination and implementation of various development projects, particularly in the area of agriculture, which was a priority of the development policies initiated by his Government. UNDP had also been especially active in the areas of health, poverty alleviation, governance and capacity-building.

76. UNDP had taken up activities in the areas of economic and social reconstruction, combating corruption, fighting inflation and establishing the legal order. One of the essential components for economic reform was monetary reform, which had begun with the introduction of the Congo franc on 30 June. There was another aspect of reforms for which the country had requested international support, namely, the establishment of a Ministry of Human Rights, which showed the firm commitment and will of the speaker's Government to improve the machinery that would ensure human rights protection - an area where UNDP could play and indeed had played a role.

77. All reforms required the support of the international community, with the ultimate goal of establishing stability in the Democratic Republic of the Congo, which, in turn, was necessary for stability in central Africa. Achieving that goal had been the subject of a planned summit in Kinshasa to establish peace, security and development. It was not possible for the summit to take place as the organizers had wished. Since 2 August 1998, troops from neighbouring countries had violated the territorial integrity of various parts of the Democratic Republic of the Congo, a member of the United Nations. The immediate effect had been to spread death and destruction throughout the country. A number of villages had been destroyed along with food stocks. Kinshasa had been deprived of food and electricity, and the lack of access to safe drinking water had caused the beginning of an epidemic in the capital, where there was insufficient electricity for hospitals. Material and infrastructural losses had been substantial, leading to major challenges for UNDP activities.

78. The delegation called upon the international community to restore the peace and security that had been disrupted in central Africa to avoid serious negative economic and social consequences in the region. The speaker's Government was firm in its desire to put an end to the current crisis so as not to disturb the process of democratization.

79. The delegation of the Democratic Republic of the Congo asked that UNDP maintain as a priority the economic recovery and the reconstruction of the country and increase as much as possible its commitment to the well-being of the victims of the current crisis.

80. The Executive Board took note of the oral report on assistance to the Democratic Republic of the Congo.

IV. UNOPS: FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

81. The Executive Director of the United Nations Office of Project Services (UNOPS) introduced the revised budget estimates for the biennium 1998-1999 (DP/1998/35). He also distributed copies of the 1998 business plan, the 1997 financial statements, and the 1997 financial trends document, as well as a recently-published brochure on UNOPS de-mining services.

82. Noting that UNOPS had recorded another successful year, with increases in both project acquisition and in project delivery for a more diverse portfolio of clients, the Executive Director explained that for three years business acquisition had been rising at a faster rate than staff capacity. He indicated that UNOPS had to build up its staffing to respond to the growing demand for its services, and explained that 90 per cent of the additional $10 million requested for recurrent expenditures was for staff-related costs. He also introduced the concept of extraordinary, or non-recurrent, expenditures, and provided information on the two major projects included in that category, the Integrated Management Information System year 2000 problem and the relocation of UNOPS headquarters premises. He further advised that a small UNOPS office would be established in Rome at the Food and Agriculture Organization of the United Nations and concluded by pointing out changes made in the format of information presented to enhance transparency.

83. Several delegations commented favourably on the quality of the documents provided to the Executive Board and of the Executive Director's presentation. Some delegations expressed concern about the depletion of the UNOPS operational reserve and inquired into the arrangements for its replenishment and the time it would take for any such replenishment with one delegation underlining the need for further details in their report. One delegation added that the potential charge to the operational reserve underscored its previously expressed concern that the level of the reserve might have been set too low, and another delegation requested a comparison between the UNOPS reserve and those of other organizations. Some delegations also asked whether the non-recurrent submissions might not have been anticipated and included under the recurrent operational expenditures. One delegation inquired as to whether the Board was required to approve utilization of the reserve when it was used for its intended purposes.

84. Several delegations noted with satisfaction the continued diversification of the portfolio of UNOPS but encouraged further diversification to ensure the proper portfolio balance. The need for appropriate decentralization was emphasized by two delegations, with another noting the importance of common premises in that regard.

85. One delegation requested that future reports include information about proposed staff increases, including the location of the positions and the sectoral expertise required. Another inquired as to whether UNOPS had a programme for improving its gender balance.

86. One delegation requested that UNOPS arrange for a financial audit of a specific project at the earliest opportunity. Finally, another delegation raised several specific questions pertaining to procurement. That delegation's questions were addressed in discussions outside of the plenary session, with UNOPS providing assurances that it would continue to pursue vigorously the recruitment of experts from the largest possible pool of resources, with specific attention being given to developing countries.

87. The Executive Director thanked the delegations for their useful comments and introduced the UNOPS staff members he had requested to assist in responding to several specific questions raised.

88. The Executive Director emphasized that the increase in staff and related costs was a function of the increase in business acquisition and previous budgetary restraint in anticipation of an acquisition plateau that had not occurred. He noted that while UNOPS had thus far been successful in managing claims that otherwise might have resulted in drawdowns from the operational reserve, he shared the general concern expressed by the Executive Board regarding the level of the reserve. He informed the Board that the level of the reserve would be reviewed in the next budget submission, in accordance with both the terms of the reserve and the request of the Advisory Committee on Administrative and Budgetary Questions. The Board was also advised that UNOPS was carefully managing the impact of the non-recurring costs on the reserve and would keep the Board apprised of its plans and timetables for restoration of the reserve to its proper level. It was also clarified that in the previous budget submission that UNOPS had not been aware that its building lease would not be

renewed, while the provisions for the year 2000 correction had been budgeted previously on a contingency basis. The present budget revision for the year 2000 project was based on estimated actual costs. The Executive Director confirmed that Board approval was not required when the reserve was used for its intended purposes although it was an element of the budget that was approved by the Board. He also stated that the UNOPS reserve level had been initially established on the basis of an analysis of the unique risk exposure profile of UNOPS and that UNOPS was not presently in a position to compare its reserve with those of other United Nations organizations. He confirmed that during the discussions on the next biennial budget he would provide information regarding the arrangements for the replenishment of the reserve, including the time it would take.

89. The Executive Director stated that UNOPS shared the concern of the Executive Board with regard to portfolio diversification and that it would continue its efforts to broaden its client base. It was also confirmed that UNOPS would continue to decentralize operations within the framework of demonstrated effectiveness and cost-benefit.

90. The Executive Director agreed with the request that future reports include details of the location and nature of new staff positions. He informed the Executive Board that UNOPS had commissioned a study on gender balance that was intended to help to develop a strategy to increase, within the context of the self-financing principle, the recruitment of women. He expected to be able to report on the results of the study at the next annual session.

91. In response to the query of one delegation, the Executive Director informed delegations that UNOPS would ensure that its next audit programme considered inclusion of the project mentioned by the delegation.

92. The Executive Board adopted the following decision:

98/20. UNOPS: Budget estimates for the biennium 1998-1999

The Executive Board

1. Takes note of the report of the Executive Director on revised budget estimates for the biennium 1998-1999 (DP/1998/35);

2. Approves the revised budget estimates for the 1998-1999 biennium in the amount of $100,955,000;

3. Approves the proposal that any excess of expenditure over income arising out of the extraordinary non-recurring activities in the 1998-1999 biennium be charged against the operational reserve of the United Nations Office for Project Services;

4. Approves the staffing level as proposed for the biennium 1998-1999, the relocation of two posts from New York to the Rome office and the establishment of the post of Chief of the Abidjan office at the D-1 level;

5. Takes note of the project-specific and temporary post of resident project manager at the L-6 level included in the staffing table for the biennium 1998-1999.

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V. UNITED NATIONS DEVELOPMENT FUND FOR WOMEN

93. The Executive Director of the United Nations Development Fund for Women (UNIFEM) focused her oral presentation to the Executive Board on the results achieved by the organization since the UNIFEM strategy and business plan (DP/1997/18) had been endorsed by the Executive Board at its annual session 1997 (decision 97/18). She reported that two major opportunities for the Fund had arisen since the strategy and business plan had been endorsed. The first was the focus of the United Nations system on the Secretary General's reform agenda. Through its emphasis on partnership and collaboration, gender-mainstreaming and follow-up to global conferences, the reform agenda had benefited the work of UNIFEM and created new opportunities to leverage financial resources and political will in favour of women's empowerment and gender equality. The second strategic opportunity had been the widespread interest of Governments and civil society partners in supporting the commemoration of the fiftieth anniversary of the Universal Declaration of Human Rights.

94. The Executive Director highlighted the role of UNIFEM as an innovator and catalyst, and she identified the achievements, constraints and challenges that the organization had identified since the approval of the business plan. She reported that four key results had been achieved: increased collaboration and synergistic partnerships with United Nations agencies; expansion of the knowledge base on innovative approaches to mainstreaming gender concerns; a build-up of staff capacity; and growth in the financial resource base to support the Fund's work. She also identified several lessons learned to date and discussed challenges for the future.

95. Several delegations expressed appreciation for the Executive Director's presentation of the substantive key results of the work of UNIFEM. Delegations commended UNIFEM for its strategic planning and the measurable dividends that planning had yielded in terms of the enhanced programming and improved financial capacity of the Fund. Particular mention was made of the adoption by UNIFEM of a knowledge-based management system that would assist in strengthening the Fund's work and of its efforts to link programming with delivery targets. UNIFEM was encouraged to share its experience in that regard with other United Nations agencies.

96. A special interest was expressed in the work of UNIFEM in Burkina Faso in facilitating the access of women entrepreneurs to global markets. Delegations also expressed interest in the Fund's work in data collection and statistical analysis that included the gender dimension and inquired whether that work had resulted in the alteration of any government policies. UNIFEM was strongly encouraged to continue its work in that area, particularly in view of the impact of the globalization of markets on women, an area that called for increased attention.

97. Delegations welcomed the substantive contribution of UNIFEM towards the implementation of the mainstreaming of gender issues within the United Nations system, including the Fund's work on the United Nations Development Assistance Framework and its role as chair of the United Nations Development Group Sub-group on Gender, emphasizing the importance of that role at the country level. UNIFEM efforts in coordination and collaboration with other United Nations agencies and the World Bank was recognized, and the Fund was encouraged to further strengthen its coordinating role within the United Nations system and to share its success with its United Nations partners.

98. Several delegations commented that they hoped they would be able to increase their contributions to UNIFEM further. One delegation asked whether the Fund's available resources adequately provided for the far-reaching range of activities that had been outlined by the Executive Director. The Executive Director responded that while expanding the resource base of the organization remained a priority, the realization of the goals and objectives of UNIFEM had always relied greatly on its ability to develop strong partnerships with other United Nations agencies as well as with Governments and civil society. Another delegation expressed the hope that UNIFEM could hire personnel from outside the system in order to maintain its expertise on gender equality and women's empowerment.

99. A question was also raised regarding the challenges of gender-mainstreaming at the country level. The Executive Director replied that the challenge of achieving gender-mainstreaming required the commitment of gender focal points, gender advisers, gender specialists and resident coordinators as well as those at the highest levels of the United Nations system. The success of UNIFEM depended as much on its own expertise as it did on bringing about the coordinated, collaborative efforts of all its partners.

100. The Executive Board took note of the oral report on UNIFEM.

VI. RESOURCE MOBILIZATION

101. The President of the Executive Board opened the discussion by asking the Chairman of the Open-Ended, Ad Hoc Working Group on the Funding Strategy for UNDP to report on the results of its work. The Chairman reported that the Working Group had been established pursuant to Executive Board decision 98/3, in response to concern over the significant decline in core funding for UNDP in recent years. The Working Group had held 13 meetings since January 1998, all of which had been well attended by representatives from both programme and donor countries. The Chairman reported that much progress had been made in the Working Group over the preceding eight months; the results included the draft decision contained in document DP/1998/CRP.12. However, substantial negotiations still lay ahead in order to reach full agreement on a funding strategy.

102. In accordance with the objectives of decision 98/3, the Chairman pointed to five fundamental questions that had been of particular significance in the discussions in the Working Group: (a) how to specify the amount of UNDP core resources that were required to fulfil demand; (b) how to integrate non-core

resources; (c) how to consider the issue of burden-sharing; (d) what basic principles should underpin the funding strategy; and (e) how to ensure enhanced predictability.

103. The Administrator then stated that reversing the decline in the core resources of UNDP was the organization's overriding challenge. He expressed satisfaction with the work of the Working Group and emphasized the strong partnership that had been established between programme countries and donor countries. In particular, he emphasized the need for additional core resources on a predictable, assured and continuous basis in order for UNDP to fulfil its mandate. Ensuring a sufficient amount of core resources was essential if the support that UNDP gave to the poorest countries was to be meaningful. He said that in an environment of declining official development assistance, UNDP had to do the best job possible in showing the results of its work, particularly at the country level.

104. Many delegations expressed satisfaction with the report of the Working Group and with the draft decision submitted by the Chairman. The draft decision clearly reflected several points where agreement had been reached during the previous eight months as well as points that still needed to be agreed upon. However, some speakers expressed disappointment about the substantive progress that the Working Group had made over the previous eight months. In that regard, it was suggested that the fundamental question of why core resources had declined had not been addressed.

105. Several delegations underlined the critical importance of maintaining the basic characteristics of UNDP as a voluntarily-funded organization based on the principles of impartiality and neutrality, and the necessity of maintaining its fundamental grant nature.

106. In the context of the proposed resource and results framework, several delegations emphasized the need to avoid ambiguity during the process of conceptualizing such a framework. Some delegations also stressed that since much work still remained in terms of clarifying the basic concepts of the framework, it was essential to ensure enough time for proper integration with already existing administrative and programme mechanisms and procedures in UNDP as well as with other United Nations funds and programmes. It was also stressed that the implementation process must be based on defined benchmarks, which would take time to develop.

107. Some delegations emphasized that additional resources should not be directly linked to quantifiable results as that would clearly be perceived as conditionality. Instead, it was stressed that the allocation of additional resources should be based specifically on the development needs of programme countries. It was also stressed that UNDP should ensure that the proposed framework would not entail additional costs. However, other delegations stressed that further information and consultation was required between programme countries, donor countries and UNDP. One delegation suggested that the development of the framework was tied to the issue of ensuring greater predictability of resources.

108. Several delegations expressed support for the proposal to establish a multi-year funding mechanism based on firm pledges for the first year and pledges, or indications, for subsequent years. However, owing to specific national administrative and budgetary regulations, some delegations said that flexibility would be necessary, since not all countries would be in a position to provide funding indications for more than the current year. On the issue of early payment of the annual voluntary contributions, several delegations supported the view that contributions be paid as early in the year as possible, in order for UNDP to be able to manage its resources as efficiently and prudently as possible, including efforts to limit its exchange rate vulnerability. One delegation also mentioned the need to introduce a mechanism to address any shortfall in expected core resources.

109. Several delegations expressed support for the Administrator's statement on the need to strengthen further the UNDP public profile in both donor and programme countries. In particular, many delegations emphasized the very competitive nature of the international development environment and the need for UNDP to be more visible vis-à-vis other multilateral development organizations.

110. Many speakers emphasized that core resources were the bedrock of UNDP. Some speakers also stressed the fact that non-core resources were essential to the organization and, in several instances, had a catalytic impact. Several delegations welcomed the view that $1.1 billion be used as the future resource target for core resources and urged that a mechanism be developed in order to establish an annual growth target. However, other delegations cautioned that such a target would be unrealistic in that it could only be attained with a significant increase over the present level of core resources.

111. On the issue of obtaining resources from non-governmental sources, one delegation stressed that that would, at the most, be only a supplement to resources obtained from Governments.

112. Some delegations stressed the need for certain donor countries to contribute a larger share to core resources than their present level. Other delegations warned against any effort to evaluate donor country performance but agreed that it was important to widen the donor base in general, in order not to rely on only a few donor countries. Some delegations stressed the importance of contributions to core resources from programme countries as well.

113. The issue of establishing partnerships with other development partners such as the World Bank, non-governmental organizations and the private sector was stressed by several delegations. One delegation emphasized the need to agree on a "package deal" that contained all elements of a funding strategy.

114. The Executive Board adopted the following decision:

98/23. UNDP funding strategy

The Executive Board

1. Reaffirms the fundamental characteristics of the operational activities of the United Nations development system, which are, inter alia, universality, neutrality, multilateralism, and its voluntary and grant nature, fully respecting the priorities of programme countries and responding to the needs of developing countries in a flexible manner;

2. Welcomes the role of UNDP in supporting United Nations development activities, including strengthening the role of the United Nations at the country level;

3. Welcomes the commitment of UNDP to working in partnership with the broader United Nations system, international organizations, the private sector and civil society in assisting programme countries in their pursuit of national development plans and priorities for sustainable human development in accordance with the policies agreed by the Executive Board;

4. Stresses the need for a funding strategy, based on the concept of collective ownership, partnership and shared interests with differentiated responsibilities, to strengthen UNDP support for the increasing development needs of programme countries, in particular, least developed countries;

5. Recognizes that a focused, effective and visible programme is important for resource mobilization and reaffirms its decisions 98/1 and 94/14 and endorses the ongoing efforts to enhance the impact of the advocacy and institutional profile of UNDP by strengthening its communication and information strategy, with particular emphasis on cost-effective, high-impact strategies and well-targeted messages;

6. Reiterates that core resources are the bedrock of UNDP and are essential to maintaining the multilateral nature of its work;

7. Recognizes the importance of non-core resources, including cost-sharing, trust funds and non-traditional sources of financing, as a mechanism to enhance the capacity and to supplement the means of UNDP, and in this context recalls its decision 98/2;

8. Regrets the decline in core resources and reaffirms the need to reverse this trend and to establish a mechanism to place UNDP core funding on a predictable and continuous basis;

9. Recognizes that overdependence on a limited number of donors carries risks for the long-term financial sustainability of UNDP and urges all donor and programme countries in a position to do so to increase their contributions to core resources;

10. Adopts an annual funding target of $1.1 billion;

11. Stresses, in this context, the urgent need to achieve annual increases in the mobilization of core resources until the target is met;

12. Decides, in this context, that UNDP shall:

(a) Develop a multi-year funding framework that integrates programme objectives, resources, budget and outcomes, with the objective of increasing core resources, taking into account the following principles:

(i) This framework shall maintain the order of priorities and the mandate of UNDP as determined by the Executive Board;

(ii) This framework shall not introduce any conditionality nor result in distortions of priorities or changes in the current system of resource allocation;

(iii) The allocation of additional core resources that may be mobilized by the multi-year funding framework shall be consistent with programming guidelines determined by the Executive Board, and priority must be given to programmes;

(b) Designate the second regular session of the Executive Board, starting in 1999, as the time when all member countries would:

(i) Announce their voluntary core contributions to UNDP as follows: a firm funding commitment for the current year; for those in a position to do so, a firm contribution or indication of the contribution for the following year; and a firm or tentative contribution for the third year;

(ii) Announce payment schedules for the current year; early payments should be encouraged;

(iii) Review the record of actual core contributions and government contributions to local office costs payments as well as the timing of payments made in the previous calendar year;

13. Decides to initiate a fully participative, transparent, open-ended consultative process between the UNDP secretariat and the States members of UNDP for designing a multi-year funding framework based on the principles as outlined in paragraph 12 of the present decision and on the modalities for the announcement of contributions with a view to holding the first such meeting as stipulated in paragraph 12 (b) of the present decision;

14. Requests the Administrator, on the basis of these consultations, to submit to the Executive Board a report on the multi-year funding framework for consideration at its first regular session in 1999.

23 September 1998

UNFPA segment

115. The Executive Director updated the Executive Board on key developments that had occurred since the annual session in June 1998. Noting that she would address the topics of the UNFPA resource mobilization strategy and the WHO/UNICEF/UNFPA Coordinating Committee on Health (CCH) later under their respective agenda items, she went on to inform the Board about the recent launch of the UNFPA report The State of World Population 1998, which had been one of the most successful launches to date, with wide international press coverage and favourable media attention around the globe. Subtitled "The New Generations", the report highlighted intergenerational responsibility and the coming world of 6 billion people. The largest-ever group of young people was now entering their childbearing and working years. At the same time, the number and proportion of people over 65 was increasing at an unprecedented rate. The rapid growth of those young and old "new generations" was challenging the ability of societies to provide education and health care for the young, and social, medical and financial support for the elderly. She underscored that at various international forums and at country, regional and global levels, UNFPA continued to strive to make sure that the importance of the population dimension was adequately taken into account.

116. The Executive Director drew attention to a number of positive developments at the country level. In Kenya, to mark World Population Day, the UNFPA field office had launched a song entitled "I Need to Know", designed to reach young people with messages on reproductive health. Written, produced and performed by Kenya-based musicians, the song had become very popular and was recently the subject of a story in Newsweek magazine. In fact, as a result of the song's success in reaching youth and in conveying the International Conference on Population and Development (ICPD) message, UNFPA was planning to replicate the effort in other countries. Another recent example was Cambodia's first population census in more than 36 years, which had been conducted in March 1998. Despite the political problems, in the opinion of experts, the census was technically sound. Enumerators reached the most remote and inaccessible places, even using elephants when they had to. An indicator of success in work towards gender and reproductive rights was the recent Symposium for Religious Leaders and Medical Personnel on Female Genital Mutilation as a Form of Violence. Organized by the Inter-African Committee on Traditional Practices, in collaboration with the Government of the Gambia, with support from UNFPA, the meeting produced the Banjul Declaration on Violence against Women (22 July 1998), which strongly condemned female genital mutilation (FGM) and prohibited the misuse of religious arguments to perpetuate FGM and other forms of violence. The participants resolved to spare no efforts to enhance the campaign aimed at freeing women from all forms of violence, including FGM. She added that the year's United Nations Population Award recipients, Sabiny Elders

Association of Uganda and Professor Hugh Hastings Wynter of Jamaica, further exemplified how definite progress could be made in the population field.

117. On the subject of sector-wide approaches (SWAPs), the Executive Director assured the Executive Board that UNFPA attached great importance to SWAPs and was already engaged in preparing the conference room paper for the Board. To that end, in addition to discussions in-house, UNFPA had consulted with the United Nations Children's Fund (UNICEF) and UNDP and would shortly be participating in a World Bank-sponsored, five-day "Learning Forum on Health Sector Reform", which would address, inter alia, sector-wide approaches and sector investment programmes. At the initiative of UNFPA, the topic of SWAPs had been placed on the agenda of the United Nations Development Group (UNDG). Also, in response to a request from Board members, the conference room paper on SWAPs would be made available in advance of the second regular session 1999.

118. She was pleased to note that the Economic and Social Council had welcomed the submission by UNDP and UNFPA, in consultation with UNDG, of the consolidated list of issues central to the improved coordination of operational activities, prepared in response to the Executive Board's request at its second regular session 1998 (decision 98/5). UNFPA looked forward to the deliberations in the Second Committee on the triennial comprehensive policy review, which had also been discussed by the Council. The Executive Director noted that the Council had also discussed United Nations reform efforts and she had reiterated that UNFPA remained fully committed to and was actively involved in the implementation of United Nations reforms, within the areas of the Fund's mandate. In supporting those processes, whether at the country level through the resident coordinator system, or at the regional or global levels, UNFPA sought to be constructive in raising issues so that meaningful and sustained progress could be made. UNFPA was participating fully in the assessment of the pilot phase of the United Nations Development Assistance Framework (UNDAF) and would also be fully engaged in designing the next phase. She brought to the attention of the Board a proposal made by the World Food Programme (WFP) that coordination and reform processes could benefit from a meeting of the three Executive Boards of UNDP/UNFPA, UNICEF and WFP.

119. The Executive Director reported that the ICPD+5 process was progressing well. The special session of the United Nations General Assembly to review and appraise the implementation of the Programme of Action of the International Conference on Population and Development (ICPD) would be held on 30 June-2 July 1999 and preparations were under way. Since the Executive Board's last session in June, two round-table meetings organized by UNFPA and one technical symposium organized by the Task Force on Basic Social Services for All had taken place. She expressed deep appreciation to the Governments and private foundations that had generously contributed extrabudgetary funding to the ICPD+5 review and appraisal process, including the round-table and technical meetings. In particular, she thanked the Government of the Netherlands for generously agreeing to host the ICPD+5 International Forum (The Hague Forum), to be held in February 1999. She noted that three meetings would take place during the last quarter of 1998: technical meetings on population ageing, in Brussels, Belgium, from 6-9 October, on reproductive health services in emergency situations in Rennes, France, from 3-6 November, and a Symposium on Population Changes and Economic Development in Bellagio, Italy, from 4-7 November.

Preparations for The Hague Forum in February and the NGO and Youth Forums were under way. On 5-6 February 1999 the Parliament of the Netherlands would host a global parliamentarians' meeting. It was proposed that a series of regional consultations for non-governmental organizations (NGOs) would precede The Hague Forum.

120. She noted that the conclusions and recommendations from the round-table and technical meetings would be utilized, among other sources, as inputs for the report to The Hague Forum and for the draft report of the Secretary-General to the special session of the United Nations General Assembly. The report of The Hague Forum would be made available to the Commission on Population and Development (CPD) in March 1999, as would the comprehensive report of the Secretary-General on the quinquennial review and appraisal of the implementation of the ICPD Programme of Action, to be prepared by the Population Division. An annotated outline of the report of the Secretary-General had been circulated to Member States. An informal briefing for Member States on the status of documentation had been scheduled for 11 December 1998. UNFPA had been collaborating with the Population Division of the United Nations Department of Economic and Social Affairs on the draft report of the Secretary-General which would be submitted to the Open-Ended Session of the CPD in March. Towards the end of the ICPD review process, UNFPA would convene a global meeting of its staff. The Executive Director concluded by thanking the Executive Board for its continued support and guidance to the work of the Fund. She paid special tribute to the UNDP Administrator, Mr. James Gustave Speth, who had announced that he would be departing from UNDP the following year. She noted that UNFPA and UNDP were close partners and the Fund greatly valued the excellent support and cooperation provided by the Administrator.

121. During the discussion that followed, one delegation welcomed the Fund's commitment to and involvement in the implementation of United Nations reforms and was pleased to learn about the positive developments at country level. The delegation, noting that it attached great importance to SWAPs, stated that it was encouraged to learn that UNFPA had held consultations with UNICEF and UNDP to discuss SWAPs. The delegation also welcomed the leading role of UNFPA in the operational review of the implementation of the ICPD Programme of Action and commended the Fund's efforts to encourage the participation and involvement of civil society, including NGOs, in the technical and round-table meetings and other events associated with the ICPD+5 process. The delegation hoped that The Hague Forum, to be held in February 1999, would produce useful inputs for the upcoming session of the CPD.

122. Another delegation, while noting the keen interest of its country in the ICPD+5 process, underscored the importance of ensuring that the process did not reopen what had been agreed to by the international community at ICPD in Cairo, Egypt, in 1994. Instead, the ICPD+5 process should seek ways to take up the challenge to renew efforts to implement the recommendations of the ICPD Programme of Action. In that respect, it was important to strive for a consensus at the preparatory committee meeting in March 1999, prior to the special session of the United Nations General Assembly on the ICPD+5 review and appraisal, given that the special session would last for only three days. The delegation suggested that the recent Special Session of the United Nations

General Assembly on the World Drug Problem could serve as a model for attaining consensus prior to the special session on ICPD+5.

123. The Executive Director thanked the two delegations for their comments and suggestions and informed the Executive Board that UNFPA had made every effort to brief delegations as frequently as possible on the ICPD+5 process. She fully agreed that a consensus should be reached prior to the special session and, most importantly, that the agreements reached in Cairo should not be reopened. She observed that the special session should focus on what key actions Governments would take to implement the ICPD Programme of Action. She added that information on the ICPD+5 activities and events was being widely disseminated through the UNFPA website and that the Fund also planned to hold a series of informal meetings, including one in December 1998, to familiarize delegations with the recommendations of the report of the Secretary-General to the special session. She noted that the Executive Board had a key role to play both in moving the preparatory process forward and in contributing to the deliberations on the ICPD+5 review and appraisal.

VII. RESOURCE MOBILIZATION

124. In introducing the agenda item on resource mobilization, the Executive Director updated the Executive Board on the progress made in informal inter-sessional meetings convened to discuss a sustainable funding strategy that would place the funding of UNFPA on a predictable, assured and continuous basis. Noting that the meetings had been productive and useful, she thanked the members of the Board who had participated and, in particular, the Chairman. The informal meetings had emphasized several important aspects of the Fund's funding situation, including: the clear and focused mandate and programme priorities of UNFPA; the Fund's clear and focused resource allocation system, which was based on a country's level of achievement of ICPD goals and gave special attention to less developed countries, low-income countries and Africa; the increased attention being focused by the international community on the challenges and goals of the ICPD Programme of Action and the desire to take advantage of that momentum; and the perception of both donors and programme countries that UNFPA was an effective organization. In particular, the meetings had emphasized the importance of the predictability of resources; the need to increase the volume of resources; and the timely payment of contributions. From the informal deliberations four key issues had emerged that the Executive Board now needed to consider in drafting a decision: the issue of predictability; the issue of whether the decisions on, and mechanisms for, the funding strategies of the various funds and programmes should be the same or whether they should be tailored to reflect the unique aspects of each of the funds and programmes; the issue of resource targets, including how they should be derived and the level at which they should be set; and the issue of the linkage between programme objectives, resources and results.

125. The Executive Director went on to address each of those issues in turn. Concerning predictability, she noted that there was agreement that UNFPA funding should be both predictable and timely for the effective management of resources and delivery of programmes. UNFPA therefore strongly supported the idea of multi-year pledging while recognizing that it might not be possible for some

countries. Concerning the issue of whether the decision should be the same for the various funds and programmes or tailored to reflect the unique aspects of each fund and programme, she stated that there were common elements that applied to the funding mechanisms of all the funds and programmes, particularly in view of the emphasis on harmonization within the United Nations system. However, it was imperative that a funding strategy capture, and indeed reflect and build upon, the unique aspects of each individual organization and its comparative advantage, so as to enable each organization to maximize its resource mobilization capabilities and, by extension, the delivery, outreach and effectiveness of its programme. Furthermore, a funding strategy should not inadvertently act as a deterrent to resource mobilization or work to the disadvantage of an organization, either of which might be an unintended consequence of efforts to harmonize or generalize the funding strategies of the various funds and programmes. The goal should be to find an acceptable balance that allowed for creativity and for harmonization that was genuinely effective.

126. With regard to the issue of targets, she underscored that a funding strategy should contain resource targets both for the short and longer term. Furthermore, the targets should be both ambitious and realistic, as well as demand-driven rather than supply-driven. Noting that the current UNFPA work plan was supply-driven in that it was based on the projected growth of the current level of income, determined by knowledge and information about the availability of resources, she observed that it was not based on a projected demand for UNFPA assistance or the Fund's capacity to deliver a certain level of assistance in response to that demand. It was thus an inherently limited, even static, income assumption, based on a fixed percentage increase over the current level of income. A demand-driven target would be based not on a projected percentage increase over current income, but rather on perceived need for the Fund's assistance and its perceived ability and effectiveness to deliver that assistance. While clarifying how UNFPA had come up with the target of $1.14 billion for the year 2002, she noted that the figure had not been arrived at arbitrarily, but was the proportion consistent with the proportion of official development assistance channelled through UNFPA to population activities throughout the years, which had more or less remained at between 15 and 18 per cent. The Executive Director pointed out that UNFPA had a solid foundation to build upon to absorb that increase, both in terms of its staff and in terms of its programme and resource allocation system. UNFPA also believed that it was uniquely positioned and well suited to meet the needs of recipient countries in its priority programme areas. She added that the target of $400 million for UNFPA for 1999 was demand-driven and thus more realistically reflected what was needed now to effectively progress towards achieving the goals of ICPD.

127. Finally, concerning the link between programme objectives, resources and results, she noted that within the population field there had been dramatic results from the late 1960s until the present - the significant increases in assisted deliveries and contraceptive prevalence and the dramatic reductions in population growth rates, fertility rates and family size, for example. The success of the previous three decades had resulted from the political will of nations; international advocacy; and the collective and concerted efforts, most notably, of the countries themselves, but also of bilateral donors, UNFPA and other United Nations organizations, local and international NGOs and thousands

of individual health-care workers and volunteers. The Executive Director underscored that UNFPA already had in place the organizational and programme elements to help move towards a demand-driven exercise that could integrate the Fund's programme objectives and outcomes, budgeting process, and funding requirements. UNFPA believed that the adoption of a demand-driven funding strategy would strengthen the linkages among those elements, which, in turn, would provide the resource base necessary to enable UNFPA to play a central role in follow-up to the ICPD Programme of Action, as called for in decision 98/8. She concluded by noting that there was no issue more important to the future of the Fund than resource mobilization.

128. During the ensuing discussion, several delegations complimented the Executive Director on her powerful and persuasive statement. All delegations agreed that it was very important for UNFPA to have a funding strategy that would help to ensure that resources increased in volume and were predictable, timely and continuous. Delegations also underscored the need for common principles in the funding strategies for UNDP, the United Nations Children's Fund (UNICEF) and UNFPA and emphasized the fundamental characteristics of the operational activities of the United Nations development system, which were, inter alia, universality, neutrality, multilateralism, and its voluntary and grant nature. With regard to the setting of funding targets, several delegations supported funding targets that were optimistic and ambitious, so as to allow the Fund a better opportunity to mobilize resources. Nonetheless, many delegations pointed out the need for realistic targets and noted that it was not the setting of targets but the demonstration of concrete results that would help to mobilize resources. Several delegations underscored the importance of results-based programming as a means of increasing resource mobilization, particularly in an environment with many competing demands being made on Official Development Assistance (ODA). In such a setting, the demonstration of effective programming and results would attract resources. While a number of delegations supported a system of multi-year pledging and early announcement and payment of contributions, other delegations noted that, owing to national budgetary processes, their countries would be unable to make multi-year pledges and hence a pragmatic and flexible approach to the matter should be adopted. Several delegations underscored the need to expand the Fund's base of donors and to reduce its overdependence on a small group of donor countries.

129. One delegation, echoing the views of several other delegations, emphasized the value of a results-based programming and budgeting system and provided three key reasons for adopting such a system: it would facilitate better measurement of the outcomes of programme activities and help to focus the Fund's strategy on selecting activities that had an impact; the linkage would help to generate more core resources; and it would also help establish new development partnerships and generate more non-core resources. The delegation emphasized that UNFPA needed additional resources and the ICPD+5 review process offered an opportunity both to focus the world's attention on the Fund's activities and to galvanize political support and attract additional resources for realizing the goals of the ICPD Programme of Action. The same delegation stated that funding targets should be ambitious and realistic. Emphasizing the need to diminish overdependence on a small number of traditional donors, the delegation invited other donor countries that had thus far only made modest contributions to increase their contributions to UNFPA. The delegation added that such support

was long overdue and should not depend on the introduction of a new programming and budgeting approach. The delegation stated that the introduction of the new approach should not become a cumbersome or time-consuming exercise. Another delegation concurred with the need for UNFPA to have ambitious targets and stated that those propcsed by UNFPA were realistic and the momentum of the ICPD+5 process would help to generate increased resources. Several delegations commended UNFPA for its innovative activities, including seeking new development partnerships and attracting financial support from non-governmental sources, and added that that strategy should serve as a model for other organizations within the United Nations system.

130. One delegation, while underscoring the need for a consistency in the funding strategies for UNDP, UNICEF and UNFPA, stated that at the same time the idiosyncrasies of each organization should be recognized. Noting the decline in ODA, the delegation stated that a goal of $1.14 billion for the year 2002 did not seem reasonable. The delegation also was sceptical about the methodology used to derive the financial goals in the ICPD Programme of Action and added that those goals should not be commingled with the funding goals of UNFPA. The delegation supported multi-year pledges and stated that a funding strategy should specify and quantify the goals to be attained and should set up a budgetary reform process. Another delegation pointed out that although UNFPA played a leading role in the field of population, only between 15 to 18 per cent of ODA for population activities was channelled through the Fund, while the remainder went to other organizations. Thus, given that UNFPA was in competition for funds with other bilateral and multilateral agencies and local and international NGOs, producing effective results was of great importance. The delegation advocated a flexible approach to multi-year pledging and supported expanding the number of traditional donors, noting that burden-sharing should not be misunderstood to mean capacity-based contributions. The principle of voluntary contributions should be maintained.

131. One delegation, while highlighting the importance of specifying demand-driven targets, emphasized that core resources were essential to maintain the neutrality, universality and multilateralism of the Fund's activities. The delegation stated that developed countries should increase their contributions, while at the same time UNFPA should explore other funding channels, including the private sector, NGOs and foundations. Agreeing with the value of multi-year pledges, the delegation underscored the importance of ascertaining the timeliness and predictability of the payment of contributions. Another delegation, while stressing the links between a funding strategy and effective programme delivery, stated that it was pleased that UNFPA had already embarked on results-based management, including using the logical framework analysis. The delegation noted that an important component of programme delivery was the absorptive capacity of countries and asked what action had been taken on the recommendations of an earlier UNFPA study on absorptive capacity. The delegation encouraged the Fund to apply results-based management not just to programming but also to administration, and stressed the value of equipping the organization with effective management tools to improve programme delivery. The same delegation, while commending UNFPA on its success in obtaining funds from private foundations, urged the Fund to expand its resource base by increasing its partnerships with NGOs, regional banks and international financial institutions.

132. While underscoring its continued strong support for UNFPA, one delegation noted that ways and means to increase non-core resources should be explored further, since there appeared to be considerable room to expand multi-bilateral funding. The delegation, echoing a point made earlier in the discussion, stated that those donors that had not contributed to UNFPA at the level of their full potential ought to do so now. The delegation emphasized the need to help to reduce the Fund's overdependence on a few large donors and noted that a sound funding strategy implied a diversification of funding sources. Another delegation, while appealing to donor countries to increase their contributions to UNFPA, stated that programme countries also had a role to play in contributing towards their own development. One delegation, noting that unrealistic funding targets should not be set, stated that the 7 per cent annual increase in income agreed to by the Board at its annual session 1998 had not yet been achieved. Another delegation cautioned that in setting up a machinery that linked financing to outcomes it should be ensured that a new conditionality was not imposed on programme countries. The delegation asked how programme/project results and outcomes would be measured and stated that people in need should not be penalized, nor should core resources be reduced without specific consideration of the root causes of problems impacting programme outcomes.

133. One delegation, while agreeing that the parallel process in devising a funding strategy for UNDP would have implications for UNFPA, stated that any principles or mechanisms emerging from the UNDP process should be made available to the Fund and UNFPA should not be in any way disadvantaged by the non-use of the parallel process. The delegation underscored that UNFPA must be given the same measure of predictability and assuredness of funding accorded to UNDP. Another delegation noted that good progress had been made in the discussions concerning a funding strategy for UNFPA and that it seemed likely that a decision would be adopted on the subject at the current session. The delegation concurred that a funding strategy linking resources to results could galvanize resource mobilization and help to increase the predictability of contributions.

134. In her response, the Executive Director thanked all the delegations that had made interventions. She noted that UNFPA was working on a results-based management and prediction system and had started a process to examine that new approach. She added that the Fund had corresponded with several donor countries to seek information about their experience on the subject and was also exploring the methodologies used by the private sector to put such a system in place. She observed that in the case of the Fund, the administrative budget was separate from the programme budget and a results-based management system would look not at the results of the budget but at the outcomes of resources applied to programming. UNFPA planned to convene a technical meeting of experts, including private sector representatives, to explore the issue further. She emphasized that the Fund would need time to develop and implement such a system in an orderly way and agreed that the exercise should not become cumbersome or too time-consuming. She pointed out that UNFPA had undertaken some internal exercises to derive goals for the Fund's resources based on individual country goals. However, that should not be viewed as a conditionality for individual country programmes, as the focus was on what resources could achieve in a global sense. Thus, the results-based approach would need to be a dynamic and analytical process of programme development, implementation, monitoring and evaluation. The Executive Director noted that the Fund agreed on the

results-based management of resources and hoped to be able to demonstrate, perhaps as early as next year, what resources could achieve. Responding to a query on the study on absorptive capacity, she stated that the Fund was actively following up on the implementation of the recommendations of that study.

135. With regard to the question raised by some delegations on targets, she noted that targets had been agreed for UNDP and UNICEF and there was also a need for a target for UNFPA. The desire for consistency between the three organizations underscored the need to assure a funding target for UNFPA. She observed that it would be up to the Executive Board to decide the level of the target, whether it would be $400 million for 1999 or $1.14 billion for the year 2002. On the question of whether the proposed targets were realistic or unrealistic, she pointed out that increased contributions would certainly make the targets realistic. She added that during the previous year, UNFPA had worked hard and successfully to obtain contributions from private foundations. Noting that core resources from Governments formed the bedrock of UNFPA funding, she stated that the Fund was endeavouring to expand its base of regular contributors. She also hoped that those who were already contributing to the Fund would consider increasing the size of their contribution. She reiterated the important need for a common principle on targets for UNDP, UNICEF and UNFPA and added that the differences would lie in the details of how a results-based system would be managed by each individual organization. She underscored that UNFPA programming was very focused and the Fund had a clear mandate. The Fund proposed to use the criteria of the resource allocation system approved by the Board as well as the programme goals agreed by the Board to measure the outcomes achieved. The Fund was already using the logical framework analysis in its programming to identify goals and expected outputs together with the Country Population Assessment (CPA) exercise and a data system with indicators drawn from the ICPD Programme of Action. The Fund was also developing an approach that could effectively demonstrate what outcomes resources would produce. She stressed the need for demand to be factored in to a resource mobilization strategy and added that in setting targets the Board should focus on what the international community could do together to make a difference in the lives of people around the world. She was pleased to note that the majority of delegations supported the idea that a decision on resource mobilization should be taken by the Executive Board at its current session.

136. The Executive Director observed that those delegations that were inclined towards multi-year pledges appeared to be more supportive of the need to have clear funding targets/goals. However, all delegations seemed to agree on the need for predictable, assured and continuous funding for UNFPA. She agreed with the principles reiterated by several delegations confirming the importance of the voluntary nature of contributions and the neutrality, universality and multilateralism of the Fund, as well as the need for predictability, sustainability and an increase in the volume of funds. She also agreed with the need to link resources with outcomes.

137. The Executive Board adopted the following decision:

98/24. UNFPA funding strategy

The Executive Board

1. Reaffirms the fundamental characteristics of the operational activities of the United Nations development system, which are, inter alia, universality, neutrality, multilateralism, and its voluntary and grant nature, fully respecting the priorities of programme countries and responding to the needs of developing countries in a flexible manner;

2. Welcomes the effective role of UNFPA in advocating for and implementing programmes and activities in full accordance with its mandate and the Programme of Action of the International Conference on Population and Development (ICPD) and emphasizes the need for predictable, timely payments and increased funding to enhance the capacity of UNFPA to contribute to the implementation of the ICPD Programme of Action;

3. Stresses the need for a funding strategy based on a concept of collective ownership, partnership and shared interests with differentiated responsibilities that is programme-driven and that encourages a collective partnership with programme and donor countries, lending institutions, the private sector and foundations;

4. Also stresses the important opportunity offered by the five-year review of the implementation of the ICPD Programme of Action in reinvigorating international commitment to the Programme of Action, including to mobilize financial support, based on an analysis of progress made, lessons learned and obstacles encountered, and recalls the resource goals as foreseen in the ICPD Programme of Action;

5. Recognizes the clear and focused mandate and programme priorities of UNFPA and the Fund's clear and focused resource allocation system, which is based on a country's level of achievement of ICPD goals and gives special attention to least developed countries, low-income countries and Africa;

6. Reiterates that core resources are the bedrock of UNFPA and are essential to maintaining the multilateral nature of the Fund's assistance;

7. Recognizes that an effective and visible programme is essential for resource mobilization and, while recognizing the commendable efforts of UNFPA to date in this area, urges the Fund to continue to expand its advocacy and institutional profile at the national and international level in order to illustrate better the importance of its work and of the impact and effectiveness of its programmes;

8. Also recognizes the importance for UNFPA of non-core resources and the work of non-state actors in mobilizing resources;

9. Adopts for UNFPA a programme-driven total resource goal of $400 million for 1995; requests the Executive Director, with the support of all the members of the Fund, to make every effort to reach this goal by mobilizing resources from all sources, including donor and programme countries, foundations, and the private sector; and decides to review this goal in September 1999 with a view to deciding goals for future years;

10. Recognizes that overdependence on a limited number of donors carries risks for the long-term financial sustainability of UNFPA and urges all donors and programme countries in a position to do so to increase their contributions to core resources;

11. Decides, in this context, that UNFPA shall:

(a) Develop a multi-year funding framework that integrates programme objectives, resources, budget and outcomes, with the objective of increasing core resources, taking into account the following principles:

(i) This framework shall maintain the order of priorities and the mandate of UNFPA as determined by the Executive Board;

(ii) This framework shall not introduce any conditionality nor result in distortions in priorities or changes in the current system of resource allocation;

(iii) The allocation of additional core resources that may be mobilized by the multi-year funding framework shall be consistent with programming guidelines determined by the Executive Board, and priority must be given to programmes;

(b) Designate the second regular session of the Executive Board, starting tentatively with the second regular session 1999, as the time when all member countries would:

(i) Announce their voluntary core contributions to UNFPA as follows: a firm funding commitment for the current year; for those in a position to do so, a firm contribution or indication of the contribution for the following year and a firm or tentative contribution for the third year;

(ii) Announce payment schedules for the current year; early payments should be encouraged;

(iii) Review the record of actual core contributions as well as the timing of payments made in the previous calendar year;

12. Decides to initiate a fully participative, transparent, open-ended consultative process between the UNFPA secretariat and the States members of UNFPA for designing a multi-year funding framework based on the principles as outlined in paragraph 11 of the present decision and on the modalities for the announcement of contributions with a view to holding the first such meeting as stipulated in paragraph 11(b) of the present decision;

13. Requests the Executive Director, on the basis of these consultations, to submit to the Executive Board a report on the multi-year funding framework for consideration at its second regular session 1999.

23 September 1998

VIII. FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Annual financial review, 1997

138. The Executive Board had before it the UNFPA annual financial review, 1997 (DP/FPA/1998/9), which summarized the Fund's financial situation in 1997 and for purposes of comparison also included financial information for 1996. In introducing the report, the Deputy Executive Director (Policy and Administration) noted that the report highlighted information on income; programme expenditures; biennial support budget expenditures; the status of reserves; the liquidity position; and UNFPA trust funds. He observed that although 1997 had been a year with many challenges, UNFPA had maintained its rate of delivery of quality programmes. The Fund hoped that current donors would continue to support UNFPA initiatives and that new donors would come on board to strengthen and expand the efforts under way to achieve the goals of the ICPD Programme of Action.

139. In the ensuing discussion, delegations focused on the following key issues: the biennial support budget; the level of the operational reserve; funds from private foundations; the national execution modality; and unpaid contributions. A number of delegations expressed concern about the 11 per cent increase in the support budget and stated that it should be controlled. One delegation asked for a clarification on the amount of $29.5 million listed under assets in table 2 of document DP/FPA/1998/9. Another delegation asked for a breakdown of the total income of $335 million for 1998. Some delegations asked about the level of the operational reserve, noting that in 1997 the level had been 21.7 per cent of regular resources income for the year, instead of the required level of 20 per cent. They added that the level of 20 per cent, called for in decision 91/36, was perhaps too high and should be reviewed. One delegation observed that while the issue of the level of the operational reserve had been discussed at the annual session, the amount for the operational reserve had not been reflected in the annual financial review, 1997. The delegation added that in the future, in addition to tables, a narrative should be provided, reflecting some of the discussion and dialogue with the Executive Board on key issues. The same delegation also asked if UNDP had completed the review of its reserve for field accommodation, as the outcome would have some implications for UNFPA. Several delegations commended the Fund on successfully garnering contributions from private foundations. Two delegations asked whether those funds would be considered regular resources or multi-bilateral resources. With regard to the national execution modality, two delegations asked about the decline in Government and non-governmental organization (NGO) execution. Some delegations underscored the need for timely payment of contributions and noted that late payments undermined the work of UNFPA.

140. One delegation, while drawing attention to the economic crisis in Asia, asked if additional resources could be provided for programmes in Asian countries. The delegation also asked whether the Fund had benefited from the devaluation of currencies in some Asian countries. The delegation of the Russian Federation, while commending the Fund for expanding its programme activities in Europe and the Commonwealth of Independent States, stated that there had been a decrease in the Fund's activities in the Russian Federation; given its country's needs in the area of reproductive health, the delegation urged UNFPA to increase its activities in the Russian Federation. Another delegation, while stating that it was very encouraged to learn that UNFPA would continue to work on diversification of resource sources, noted that in order to secure financial resources it was critical to increase public awareness and deepen the taxpayers' understanding of UNFPA activities. In that regard, the delegation added that the recently released UNFPA publication, The State of World Population 1998, had proved very useful and had been widely publicized by the media in its country.

141. In his response, the Deputy Executive Director (Policy and Administration) stressed that the Fund shared the Executive Board's concern regarding the increase in the support budget and was endeavouring to control it and keep it as low as possible. However, it was difficult to reduce the support budget, particularly the salary costs, since it was necessary for the Fund to maintain a critical mass of personnel resources both at the field level and at headquarters. Responding to the queries on the level of the operational reserve, he noted that it had been maintained at 21.7 per cent in 1997, however, that level of the operational reserve would be adjusted to $58 million instead of $63 million, in keeping with the requirements of decision 91/36. He added that that change had not been reflected in the annual financial review, 1997, since that review reflected the financial situation as of 31 December 1997, and the change would be reflected in next year's annual financial review. He agreed with the delegations that had suggested that the level of the operational reserve should be reviewed in the near future. He added, however, that based on the Fund's recent experience with late payments of contribution, the stipulated level of 20 per cent of regular resources income was both necessary and adequate. Concerning the treatment of private foundation contributions, he observed that they had been treated as a part of the Fund's regular resources, as had been discussed at the annual session. However, if the Executive Board wished to review that further, UNFPA would be pleased to do so. With regard to the query on the national execution modality, he underscored that UNFPA was committed to promoting national execution but that the Fund also had to ascertain that the concerned national Governments and national NGOs had adequate capacity to execute the programmes/projects. He observed that a sudden increase in resources for the national execution modality was not anticipated at the present time; however, UNFPA would continue to build national capacity in order to achieve the ultimate goal whereby all UNFPA projects would be nationally executed. He added that many of the Fund's current projects were designed to increase national capacity at the country level. He also noted that the Fund was endeavouring to work more closely with local, national and regional NGOs, rather than international NGOs. With regard to the increase in UNFPA execution, he pointed out that that was mainly due to the procurement services the Fund provided to projects executed at the country level.

142. The Deputy Executive Director thanked the Government of the United Kingdom for generously increasing their contribution to UNFPA. He noted that UNFPA had been greatly encouraged by it.

143. He took note of the comments made by the delegations that had pointed out that in spite of declining resources UNFPA had sustained the level of programme delivery. He observed that that had been possible due to the carry forward of approximately $27 million from 1996 to 1997; without those funds UNFPA would have been obliged to draw down from the operational reserve. He also took note of the comment by the delegation of the Russian Federation that UNFPA activities in its country should be increased in the area of reproductive health. He stated that he would consult with the concerned organizational units in UNFPA on that matter. Responding to the query on the composition of the total income for 1998, he noted that about $290 million was anticipated from regular resources; approximately $20 million from private foundations; and about $25 million from multi-bilateral resources. Concerning the question whether extra funding could be provided to countries in Asia, he stated that UNFPA had recently provided extrabudgetary support to Indonesia in the amount of $20 million to meet its requirements for contraceptives. In response to another question, he noted that UNFPA had not derived any benefit from the devaluation of currencies in some Asian countries.

144. The Director, Division of Finance, Administration and Management Information Systems, elaborated on some of the responses and provided supplemental information. With regard to the increase in the support budget, he emphasized that the Fund was exercising cost-control measures, including delaying recruitment and the opening of new field offices, as well as controlling operational expenses. He clarified that the biennial support budget allotment in the second year of the biennium was 52 per cent while the first year allotment was 48 per cent. Given the built-in structure, the second year allotments were higher and so too were the expenditures. He added that salaries constituted a large component of the budget and, as per the requirements of the United Nations common system, there were a number of mandatory increases in salary that were beyond the Fund's control. Responding to the query on common premises and common services, he stated that UNFPA remained an active partner and participant in United Nations Development Group (UNDG) efforts to implement the Secretary-General's directive on common premises and common services and hoped that those efforts would lead to synergies and cost savings. However, that had not yet happened. He noted that in the case of common premises, frequently, there were initial capital costs, including for refurbishment and repair, and as a result often there was an increase in costs rather than a decrease. He added that UNDG agencies wished to present jointly a conference room paper to the Executive Board in 1999, analysing the experience of the past couple of years concerning the issue of common premises and outlining the constraints and challenges that remained.

145. He thanked the delegation that had suggested that in addition to the tables provided in the annual financial review, a narrative could be included to reflect the discussion and dialogue with the Executive Board on specific matters. With regard to the operational reserve, he underscored that the annual financial review, 1997, reflected the past biennium, and the 1997 figures could not be changed; however, in 1998 and in future years, the level of the

operational reserve would be adjusted and that would be reflected in the subsequent annual financial reviews. He also reminded the Board that according to its decision 91/36, both the level and the amount of the operational reserve should be reviewed every two years. Thus, the Board might wish to examine the issue during 1999. Regarding table 2, he noted that it represented a balance sheet reflecting assets and liabilities. He added that the cash at the end of the year, $29.5 million, while shown as cash had in fact to be counterbalanced by the payables and unliquidated obligations that would need to be adjusted. On the topic of the field office accommodation reserve, he noted that the UNDP review of its reserve for field accommodation had not yet been completed, but that UNDP would share its findings with UNFPA upon completion of the study. Nevertheless, with regard to the construction of common premises in four countries mentioned in paragraph 14 of document DP/FPA/1998/9, he observed that agreement had now been reached between participating agencies regarding the office premises in the Maldives and assurances had been received that recommendations would be forthcoming concerning the remaining projects.

146. The Executive Board took note of the report on the UNFPA annual financial review 1997 (DP/FPA/1998/9).

Revision of financial regulations

147. The Executive Board took up for consideration the revision of financial regulations (DP/FPA/1998/10). In introducing the report, the Deputy Executive Director (Policy and Administration) noted that revisions to existing UNFPA financial regulations had become necessary as a result of the harmonization of budgets by UNDP, UNFPA and the United Nations Children's Fund (UNICEF), in order to reflect the new terminology and other modifications approved by the Executive Board at its second regular session 1997 (decision 97/6). He noted that the modifications suggested were: (a) changes to the components of miscellaneous income and treatment of income derived from UNFPA support costs and net income from procurement services as credit to the biennial support budget; and (b) replacement of the term "APSS budget" by the term "biennial support budget" in a number of regulations, as listed in the report. He further noted that additional revisions had resulted from the work of the Procurement Working Group of the Common Services Initiative, which was part of the Secretary-General's reform initiative. Those revisions enhanced internal controls as they pertained to procurement functions and the management of property.

148. One delegation, while welcoming the proposed revisions to UNFPA financial regulations, noted that in particular it welcomed Regulation 14.6, which sought to lay down the principles for procurement. The delegation asked to what extent UNFPA had been involved in the inter-agency working group on procurement. The delegation added that it would like to see principle "c" in Regulation 14.6, concerning the request for bids, translated into a system similar to the one introduced by the World Bank, where at an early stage, such information was placed on the Internet. The delegation was also interested in knowing how UNFPA would implement the recommendations. Another delegation, while noting its support for the budget harmonization process, inquired about Regulations 4.14 (g) and 5.4. Referring to paragraph 39 of document DP/1997/2, the delegation stated that with regard to procurement and services to third parties, by definition, negative figures could not be debited from the biennial

support budget. Concerning Regulation 4.14, the delegation noted that it had not been clarified where the interest income would be accounted for. The same delegation recommended changes in the proposed text of Regulation 4.14 (g) and Regulation 5.4, which were agreed to by the Executive Board.

149. In his response, the Deputy Executive Director (Policy and Administration) noted that UNFPA had been actively involved in the inter-agency working group on procurement and was in fact the Deputy Chair of the working group. Responding to the comment on procurement services, the Director, Division of Finance, Administration and Management Information Systems, pointed out that after deducting all expenses whatever was the net surplus was the income credited to the budget. He underscored that until now there had been no net negative amount in the procurement activity. In response to the query on interest income, he noted that interest income was not included in miscellaneous income; after the harmonization guidelines it was shown separately under UNFPA General Resources (Fund) in the Income Statement.

150. The Executive Director stated that even at the country level there had been an attempt to harmonize procurement as part of the UNDG approach. While that was occurring at a varying pace in different countries, depending on the kinds of procurement engaged in, there had been definite progress, more than was being reported. She added that instructions had gone out to the Fund's field offices to pursue some common approach to procurement. She observed that UNFPA was very flexible on that, except in the area of procuring contraceptives, where it was the lead agency and had been able to negotiate favourable prices, and was in fact procuring contraceptives for many other organizations, including the World Bank, the Joint United Nations Programme on HIV/AIDS (UNAIDS) and the World Health Organization.

151. The Executive Board adopted the following decision:

98/21. UNFPA: Revisions to the Financial Regulations

The Executive Board

Approves the revisions to the United Nations Population Fund Financial Regulations as contained in paragraphs 3, 4 and 5 of document DP/FPA/1998/10, with amendments to Regulation 4.14 (g) and Regulation 5.4, as follows:

(a) Regulation 4.14 (g): Amounts otherwise designated to be credited to the biennial support budget, including, inter alia, income derived from UNFPA support costs and net income relating to procurement services provided to third parties;

(b) Regulation 5.4: Funds received by UNFPA under Regulation 14.6 for procurement of supplies, equipment and services on behalf and at the request of Governments, specialized agencies or other intergovernmental or non-governmental organizations shall be treated as trust funds. The income relating to procurement services provided to third parties shall be used to meet the direct

cost of these services. At the close of a biennium, any excess of income shall be credited to the biennial support budget.

16 September 1998

152. The Executive Board took note of the report of the Advisory Committee on Administrative and Budgetary Questions on the revision of financial regulations of UNFPA and the review of multi-bilateral trust fund arrangements of UNFPA (DP/FPA/1998/14).

Multi-bilateral trust-fund arrangements

153. In introducing the review of multi-bilateral trust-fund arrangements (DP/FPA/1998/11), which had been prepared in response to decision 97/26, the Deputy Executive Director (Policy and Administration) noted that the report provided a brief historical review of the Fund's multi-bilateral programme and the lessons learned during its implementation, as well as information on the managerial and administrative workloads and costs incurred by the Fund in implementing multi-bilateral funding arrangements. He pointed out that the recommendations of the Executive Director for undertaking cost recovery for multi-bilateral operations were contained in paragraphs 27 and 28 of chapter V of the report, and noted that they had been endorsed by the Advisory Committee on Administrative and Budgetary Questions (ACABQ). While observing that the magnitude of multi-bilateral funding had been small, he noted that UNFPA considered multi-bilateral resources to be an important supplement to its general resources and had sought to ensure that the mobilization and management of multi-bilateral support was not subsidized by the regular resources.

154. Several delegations agreed that there should be full cost recovery for the administrative and operational support (AOS) and managerial and support services (MSS) costs incurred for multi-bilateral projects. However, a number of delegations pointed out that further analysis was needed to justify the proposed increase of AOS costs from the current level of 5 per cent to 7.5 per cent and the proposed charge of 5 per cent for MSS costs; the delegations added that a rationale was needed beyond the one offered in the document, viz. harmonization with UNDP, UNICEF and other agencies of the United Nations system. While supporting the increases in principle, several delegations expressed concern that they might be detrimental to attracting new multi-bilateral activities. One delegation wondered if the MSS costs should be proportional to the size of the projects and added that the argument for increasing the MSS and AOS costs would be more convincing if actual cost figures were provided. Another delegation while observing that a 7.5 per cent increase in cost recovery for multi-bilateral projects was not insignificant, stated that it would have been useful to have the Fund's assessment of the impact of that increase on future levels of multi-bilateral funding. The delegation went on to ask if UNFPA distinguished between multi-bilateral funding as supplemental funding or as donor projects it had been commissioned to implement. The same delegation also asked if UNFPA would prefer to see multi-bilateral funding at its present level of 9 per cent of general resources or at the 10-year average of 5 per cent. One delegation, while noting that it preferred the biennial support budget to stay as low as possible so that the bulk of UNFPA funds could be used for programme support, stated that cost-recovery measures could help to limit the pressure on

the biennial support budget. Another delegation, while underscoring that core resources should remain the bedrock of UNFPA funding, stated that multi-bilateral funding provided a means of securing additional resources. The delegation asked when the proposed increases would go into effect and whether they would apply to agreements that were already being implemented.

155. One delegation stressed that multi-bilateral activities should always have the consent of the recipient Government and form an integral component of the Fund's regular support programme approved by the Executive Board; be compatible with the Fund's general policies; and not adversely affect core funding. Another delegation, while noting that the increase in AOS and MSS costs could lead to a decrease in demand for those services, stated that there was no immediate guarantee that donors having been discouraged from multi-bilateral activities would necessarily channel those funds to core resources. The delegation asked if UNFPA was concerned about cost containment. One delegation, while observing that the total charges for AOS and MSS should not exceed 9 per cent, noted that the Fund's multi-bilateral mechanism was cumbersome and the reporting requirements placed a heavy burden on the Fund. The delegation stated that the mechanism should be streamlined and that UNFPA should propose a uniform reporting format for the consideration of donors to reduce the reporting burden. Another delegation agreed to raising the AOS charges from 5 per cent to 7.5 per cent, but stated that the MSS charges should be less than 5 per cent. Cautioning that the proposed increases in AOS and MSS charges would reduce the availability of multi-bilateral funding, one delegation suggested that a decision on the matter should be linked to the resource mobilization strategy and should be deferred to the subsequent session of the Executive Board. Another delegation stated that the decision on multi-bilateral trust-fund arrangements should be neither linked to the funding strategy nor be delayed, and added that UNFPA should be fully reimbursed for both AOS and MSS costs.

156. In his response, the Deputy Executive Director (Policy and Administration) thanked the delegations for their comments and was gratified to note the consensus on full cost recovery for the execution of multi-bilateral projects. He appreciated the general support expressed by delegations regarding AOS and MSS costs and the need to ensure that the management of multi-bilateral activities was not subsidized by core resources. He took note of the request from some delegations that additional information was needed to justify the proposed increase in charges for AOS and MSS costs. He stated that the increases proposed were not purely for purposes of harmonization with other agencies in the United Nations system but were based to a large extent on the 1991 study on cost-measurement conducted by UNDP for system-wide application. That study found that the rate of overhead costs was 15 per cent for project execution. Currently, UNFPA was paying 7.5 per cent to United Nations agencies for the execution of UNFPA-funded projects. The 7.5 per cent figure was based on the concept of partnership, but was also based on the 15 per cent indirect cost requirement substantiated by the UNDP cost-measurement study. He added that one of the United Nations funds and programmes was charging between 5 to 18 per cent for AOS costs. He concurred with the view that the decision on the cost-recovery issue should not be linked to the resource mobilization issue. He welcomed the suggestion that a more efficient reporting mechanism should be developed but added that it would take some time to look into its feasibility. Responding to the comment that cost recovery should be proportionate to the size

of the multi-bilaterally funded project, he stated that in general the UNFPA multi-bilateral projects were modest in size and hence a flat-rate approach was more practical and cost-efficient. With regard to the timing of the application of the new cost-recovery measures, he noted that they would be applied upon approval by the Executive Board, effective 1 January 1999. However, the new cost-recovery measures would not be applied to the already existing multi-bilateral projects.

157. The Executive Board adopted the following decision:

98/22. UNFPA multi-bilateral trust-fund arrangements

The Executive Board

1. Welcomes the report on the review of multi-bilateral trust-fund arrangements prepared in response to Executive Board decision 97/26 (DP/FPA/1998/11);

2. Reaffirms the principle of additionality and complementarity of multi-bilateral funding on the understanding that it will not impinge on the general resources of the Fund;

3. Endorses the principle of full cost-recovery for multi-bilateral assistance based on charges for managerial and support services and administrative and operational support;

4. Also endorses the establishment of a managerial and support services charge to be levied at a rate of 5 per cent on all multi-bilateral activities, as set out in document DP/FPA/1998/11;

5. Accepts, as an interim measure, the proposed increase in administrative and operational support costs from the present rate of 5 per cent to the proposed rate of 7.5 per cent;

6. Requests the Executive Director to develop a methodology for full cost identification and recovery;

7. Also requests the Executive Director to quantify the level of charges for administrative and operational support, as recommended by the Advisory Committee on Administrative and Budgetary Questions in its report contained in document DP/1998/37-DP/FPA/1998/14, and to report thereon to the Executive Board with a view to adopting a final decision on administrative and operational support costs at its third regular session 1999;

8. Decides that the new cost-recovery arrangements shall be effective from 1 January 1999 and shall apply to new agreements as of that date.

22 September 1998

Implementation of the 1998-1999 biennial support budget

158. The Executive Board had before it the progress report on implementation of the 1998-1999 biennial support budget (DP/FPA/1998/12), submitted in response to paragraph 7 of decision 97/26, in which the Board requested the Executive Director to report to the Board at its third regular session 1998 on progress in implementing the support budget for the biennium 1998-1999, taking into account relevant developments until that time as well as foreseeable trends with regard to the income level for 1998 and projections for 1999, the expected level of programme expenditure in 1998, as well as the United Nations reform process. In introducing the report the Executive Director noted that, as discussed with the Executive Board at its annual session 1998, UNFPA had experienced an increase in voluntary contributions, which were reflected in the income estimates provided to the Board at that session. Taking into account indications from donors and based on a total income estimate of $335 million for 1998, UNFPA estimated that total resources for the 1998-1999 biennium would be about $692 million from all sources, as reflected in the 1999-2002 work plan, which was approved by the Executive Board at its annual session. She hoped that donors would do their utmost to provide additional contributions at year-end.

159. The Executive Director drew the attention of the Executive Board to paragraphs 17 and 18 of document DP/FPA/1998/12, which described cost-control measures put in place by UNFPA to attain certain expenditure levels determined in view of the resource projections just mentioned. Those cost-control measures, in addition to an expected increase in income, would enable UNFPA to maintain the 1998 net support budget expenditure, in real terms (i.e., adjusting for inflation), at the same level as in 1997. UNFPA would also endeavour to keep the support budget net expenditures around $125.5 million for the 1998-1999 biennium, i.e., around $2 million less than approved net appropriation. That expenditure level would place the ratio of net support budget expenditures to regular resources at around 20 per cent. She noted that in a period of some expansion in the number of new posts and offices, the objective of reduced net expenditures was a considerable challenge and would not be achieved without putting additional, significant pressure on the Fund's existing modest structure. Reiterating the Fund's continuing commitment to the United Nations reforms, she observed that, as described in chapter IV of the aforementioned document, UNFPA was actively participating in the reform process but wished to emphasize that the potential for realizing budgetary economies, as a consequence, was limited. She underscored that while facing the dual challenges of diminishing resources and increasing demands, UNFPA had continued to fulfil its role as the leading agency in population and development.

160. The Executive Board took note of the progress report on implementation of the UNFPA 1998-1999 biennial support budget (DP/FPA/1998/12).

IX. SOUTH-SOUTH COOPERATION

161. In response to its decision 96/9, UNFPA submitted to the Executive Board a progress report on UNFPA support to Partners in Population and Development (DP/FPA/1998/13). In introducing the report, the Director, Technical and Policy Division (TPD), highlighted that the Partners in Population and Development

(PPD) initiative focused on the key areas of reproductive health, including family planning and sexual health, and population and development in developing countries. He noted that a major goal of PPD was to facilitate and coordinate intercountry sharing of skills and knowledge in the four focus areas outlined in paragraph 4 of the report. Support from the Governments of the Netherlands and the United Kingdom, as well as from the World Bank had enabled PPD to undertake innovative activities such as enabling other developing countries to share and learn from the experience of NGOs, including Profamilia, Colombia, an NGO renowned for its work in the area of reproductive health and family planning. The Director, TPD, added that over the past two years PPD had moved decisively to diversify its funding base. Initially funded by the annual contributions of its member countries, the Rockefeller Foundation, the World Bank and UNFPA, the PPD secretariat had subsequently mobilized financial support for programme development from the William H. Gates Foundation, the William and Flora Hewlett Foundation and the David & Lucile Packard Foundation. Support had also been provided by the United States Agency for International Development. Underscoring the Fund's close relationship with PPD, he noted that besides financial support, UNFPA had provided technical and programmatic support to PPD from both headquarters and its field offices, including through the UNFPA Country Support Teams. In addition to recruiting staff for the PPD secretariat, UNFPA managed all PPD funds and provided end-of-the-year financial reports to agencies funding PPD. The Fund had also played a key role in helping to establish the PPD secretariat in Dhaka, Bangladesh.

162. Several delegations noted their strong support for South-South cooperation in general and PPD in particular and expressed their appreciation for the clear and comprehensive introduction provided by the Director, TPD. One delegation stated that the PPD was a flagship for South-South cooperation and welcomed the plan to develop a consultant roster to encourage greater participation by developing countries in technical cooperation. Another delegation emphasized that PPD was a model programme and was pleased that its membership had expanded to include 13 countries. The delegation asked about plans to include countries with economies in transition in PPD membership, as called for in decision 96/9. One delegation, while commending the Fund's efforts in promoting South-South cooperation through its programmes, noted that in the context of declining official development assistance, South-South cooperation was a very useful modality. The delegation added that its country had increased its contribution for technical cooperation among developing countries, including through such schemes as the dispatch of third-country experts under its global initiative on population and HIV/AIDS.

163. The delegation of Bangladesh noted that its country was proud to have been chosen to host the PPD secretariat, which had been established in Dhaka in 1996. It noted the financial, technical, logistical and in-kind contributions its country had made to the PPD secretariat. Underscoring Bangladesh's gains in improving the reproductive health status of its people in spite of overwhelming odds, the delegation stated that its country could share that experience with other developing countries, as well as gain from the experience of others.

164. A number of delegations inquired about the links between UNFPA and PPD, in particular regarding the impact and influence of PPD on the Fund's strategies and programmes, and requested UNFPA to provide examples at a future time on the

sharing of knowledge and skills as well as capacity-strengthening at the country level. One delegation, noting the close and beneficial relationship between the Fund and PPD, underscored that its country planned to continue its active involvement with PPD. The delegation also hoped that UNFPA would minimize the administrative procedural constraints affecting PPD operations. It added that at a later date there should be a review to consider whether and when PPD might be able to function more effectively as a separate agency. Another delegation advised against setting PPD apart from programmes such as UNFPA and stated that PPD should expand its framework to include the assessment of demographic trends and their policy consequences. The delegation added that there should be close consideration of what PPD could add to the work of UNFPA, the World Health Organization, the World Bank and regional organizations such as the Economic Commission for Latin America and the Caribbean. Furthermore, South-South cooperation should be mainstreamed across all the United Nations funds and programmes.

165. In his response, the Director, TPD, thanked the delegations for their supportive statements and noted that UNFPA had been very active in PPD, which was an intergovernmental organization with its own Executive Board and Executive Committee. UNFPA provided support to PPD in such areas as staff recruitment and the management of funds. He underscored that UNFPA was firmly committed to promoting South-South cooperation and had been supporting such activities and exchanges for the last 20 years. He added that PPD was now in a financial position to place one staff member at UNFPA headquarters and would also be able to take advantage of the Fund's field structure in promoting implementation of the ICPD Programme of Action. He took note of the request made by several delegations to provide examples of the mutually beneficial relationship between UNFPA and PPD. He added that in keeping with the UNDP administrative structure, the PPD secretariat, like the Fund, was required to follow certain administrative and financial procedures. With regard to the comment on administrative procedural constraints, he noted that most of the initial problems had been resolved.

166. The Executive Director of PPD also thanked the delegations for their support and noted that the PPD initiative represented a true partnership between programme countries and bilateral and multilateral agencies. He noted that efforts were under way to seek the involvement of countries with economies in transition. He agreed that PPD should be complementary to existing arrangements and should not be a vertical, stand-alone programme. Furthermore, it should propose certain models and best practices that would be used by developing countries and would also be reflected in the population policies and programmes of donor countries. Referring to the consultant roster being developed by PPD, he noted that developing the capacity of consultants from the South was a key objective of PPD. Last year, PPD had organized a training programme in Cairo, Egypt, which had enabled the development of a training module for consultants. That module was being refined and would later be translated into French and Spanish. To illustrate the close relationship with UNFPA, he gave an example of how the Fund's field offices in Kenya, Uganda and the United Republic of Tanzania had provided small grants to support the initial investment necessary to start up activities under the PPD initiative. The grants provided by UNFPA had been instrumental in enabling governmental and non-governmental agencies to come together with the PPD secretariat to develop the initial programme and

three-year rolling plans in those respective countries. Emphasizing the close cooperation of PPD and UNFPA, including at the policy level, he added that the Fund had recently issued additional guidelines to promote South-South cooperation in its programmes.

167. The Executive Board took note of the progress report on UNFPA support to Partners in Population and Development (DP/FPA/1998/13) and approved the continuing working relationship between UNFPA and the Partners in Population and Development as contained in the report.

X. COUNTRY PROGRAMMES AND RELATED MATTERS

168. The Executive Board had before it three proposed programme extensions: Extension of Assistance to the Government of Pakistan (DP/FPA/PAK/5/EXT 1); Extension of Assistance to the Government of the Philippines (DP/FPA/PH/4/EXT 1); and Extension of Assistance to the Governments of Kazakhstan, Azerbaijan, Tajikistan, Turkmenistan, Uzbekistan and Kyrgyzstan (DP/FPA/KATTUK/1/EXT 1). Since no requests for discussion had been received, and in accordance with decision 97/12, the Board approved without discussion the extensions of the following country programmes: Extension of Assistance to the Government of Pakistan (DP/FPA/PAK/5/EXT 1); Extension of Assistance to the Government of the Philippines (DP/FPA/PH/4/EXT 1); and Extension of Assistance to the Governments of Kazakhstan, Azerbaijan, Tajikistan, Turkmenistan, Uzbekistan and Kyrgyzstan (DP/FPA/KATTUK/1/EXT 1). Following the approval of the extensions, the floor was opened for discussion.

169. During the discussion, a number of delegations inquired about the issue of coordination. One delegation, while supporting all three programme extensions, asked what effect the extensions would have on harmonization with the country programmes of UNDP and the United Nations Children's Fund. Another delegation inquired how the work of UNFPA in Pakistan would complement the work of other in-country donors, such as the European Union, the United Kingdom, the United States, the World Bank and the World Health Organization. The delegation asked if there was a mechanism in place for donor coordination and went on to inquire how the issue of a contraceptive shortfall in the Government's family planning programme was being addressed. The same delegation asked how the information, education and communication (IEC) component of the programme on youth and adolescents would target young people in Pakistan, particularly with regard to reproductive health and nutrition. The delegation also asked for information on how the umbrella NGO, referred to in the document would address the needs of people in the rural areas of Pakistan. Another delegation, while fully supporting the rationale for the programme extension in Pakistan to bring it more fully in line with the principles of the International Conference on Population and Development (ICPD) Programme of Action, noted that there appeared to be some ambiguity in the document concerning the original goals of the programme remaining valid while only the strategies were adjusted. The delegation stated that it should be made clear that the demographic targets of the original programme were not fully consistent with the ICPD approach ard that the programme extension would address that.

170. One delegation, speaking also on behalf of another delegation, noted that broadening the Pakistan programme focus to the provincial level would be an essential step in reorienting the programme away from family planning to the reproductive health approach promoted by the ICPD Programme of Action. The delegation went on to emphasize that the work of the Fund should complement and support the work of other in-country donors that were closely involved in the Social Action Programme (SAP and SAP-2) of the Government of Pakistan. To avoid duplication, the mandate, responsibilities and institutional arrangements of the proposed UNFPA technical support unit should be coordinated and agreed to by those participating in SAP-2, particularly since a SAP-2 multi-donor support unit already existed. The same delegation suggested that the mandate and responsibilities of the technical support unit should be developed jointly with SAP-2 donors and formally recorded in a document.

171. With regard to the country programme in the Philippines, one delegation inquired about in-country coordination and stated that it had not been as complete as desired. Observing that donor coordination was of paramount importance, the delegation asked what strategies were being put in place to intensify coordination. The same delegation also asked if there was a specific sub-strategy to reach the Muslim communities and other hard-to-reach ethnic groups in the Philippines.

172. The delegations of Azerbaijan, Kazakhstan and Kyrgyzstan took the floor to support the programme extension and to underscore the important contribution UNFPA had made in their countries, as well as to emphasize the need to continue that work. The delegation of Kyrgyzstan noted that while the six countries of the subregion had certain socio-economic and political similarities, there were specific cultural, religious and historical differences. Thus, while one programme for the six countries may have initially been justifiable, it was now necessary to have individual country programmes in order to address specific country needs. The delegation therefore welcomed the preparatory activities of UNFPA in formulating national programmes for the next cycle of assistance. The delegation of Kazakhstan, while underscoring the gains made in its country in the area of reproductive health, including family planning, as a result of UNFPA assistance, stated that its country was keenly interested in seeing an expansion of its cooperation with UNFPA, including to carry out a census in 1999. The delegation emphasized that the continued presence of UNFPA in its country would help to improve the demographic situation and the quality of life. The delegation of Azerbaijan pointed out that as economies in transition, the six countries of the subregion had great need for UNFPA support, particularly since the transition to a market economy was causing severe problems and deterioration in the social and economic sectors, especially health and education. UNFPA together with other agencies of the United Nations system needed to address jointly the entire range of emerging problems. The presence of 1 million refugees and internally displaced persons in Azerbaijan was having a negative effect on the country's population. The delegation stated that during the past few years, UNFPA had successfully addressed its country's immediate needs for contraceptives, essential drugs, basic medical equipment and training. The delegation added that on 20-24 September 1998, the Government of Azerbaijan would host a Conference on the Role of Men in Population and Reproductive Health Programmes, which was jointly organized by UNFPA and the Economic Cooperation

Organization. It was hoped that the outcomes and recommendations of the conference would benefit all countries in the region.

173. In her response, the Director, Asia and the Pacific Division (APD), noted that in terms of broadening the country programme in Pakistan to the provincial level, a major exercise involving government officials and consultations with donors and technical agencies had taken place. One of the issues discussed had been the need to have functional integration at the provincial level, given the parallel systems of the Ministry of Health and the Ministry of Population Welfare. It was hoped that during the programme extension period, a foundation could be laid to improve that integration at the lower levels. She added that with regard to SAP-2, as part of the aforementioned exercise, discussions were held with the SAP-2 partners vis-à-vis UNFPA assistance. She assured delegations that UNFPA would not move ahead with a duplicate system or undermine systems that were working and already in place. She went on to point out that the proposed technical support unit was a Government of Pakistan unit being set up with UNFPA funding. The purpose of the unit was to improve the technical capacity of the population programme and to enhance national capacity in various programme areas. She reiterated that consultations would take place with donors and concerned agencies to avoid duplication. She noted that it would certainly be possible to make sure that all parties worked in harmony to strengthen each others' activities and a document formalizing that, as suggested by two delegations, could be developed. Responding to the query concerning IEC for youth and adolescents, she observed that those activities would be undertaken by the Ministry of Population Welfare and through NGOs. In that regard, UNFPA planned to strengthen the NGO umbrella mechanism, National Trust for Population Welfare, including to enable it to address the needs of people in the rural areas. With regard to the contraceptive shortfall in Pakistan, she stated that she would need to check the data and provide information at a later time. Concerning the question on the original goals of the Pakistan programme, she observed that paragraph 7 of the document had sought to clarify that the programme extension would specifically broaden the programme to bring it in line with the ICPD paradigm.

174. The Director, APD, stated that with regard to harmonization of the three programmes, the matter had been discussed with the development partners, including United Nations partners, through the resident coordinator system. Responding to the query on the Philippines, she noted that in that country the Fund's coordination with other partners was strong and, in particular, UNFPA had close collaboration with donors such as Australia and the Netherlands, as well as with agencies of the United Nations system. She noted that the United Nations system, with assistance from Australia and the Netherlands, had developed a programme in Mindanao to address the special needs of the Muslim population.

Global Initiative on Contraceptive Requirements and Logistics Management Needs

175. In response to a request made by the Executive Board at its annual session 1998, the Deputy Executive Director (Programme) gave a brief oral report addressing some of the key questions relating to the work of the Fund's Global Initiative on Contraceptive Requirements and Logistics Management Needs in Developing Countries, including the Fund's efforts to expand the commercial

market for contraceptives in developing countries. In July 1997, with support from the Department for International Development (DFID) of the United Kingdom and the Rockefeller Foundation, UNFPA had organized a consultative meeting on expanding commercial markets for oral contraceptives in developing countries. The consultation concluded that an expanded role for the commercial sector in meeting the demands of couples who could afford to pay for contraceptives would reduce the burden on governmental budgets by freeing scarce resources for couples who could not afford to pay. In particular, it might be possible to reduce full commercial prices if Governments were willing to underwrite some of the marketing costs. The consultation also concluded that UNFPA should take the lead in serving as a broker to help to bring interested parties together for further negotiations. Noting the progress in terms of meeting contraceptive needs in reproductive health programmes and efforts to strengthen contraceptive logistics and delivery systems in developing countries, the Deputy Executive Director (Programme) pointed out that the Fund's procurement of contraceptive commodities had more than doubled in the period 1989 to 1997, from $11.2 million to $26.8 million, respectively. Since 1997, through its Global Contraceptive Commodity Programme, UNFPA had also facilitated the provision of contraceptives to countries facing emergency situations. Furthermore, UNFPA continued to provide technical assistance to enhance national capacity to strengthen contraceptive logistics systems in developing countries.

176. Two delegations stated that they were very pleased with the work of the Fund's Global Initiative on Contraceptive Requirements and Logistics Management Needs; one of the delegations, noting its Government's support for the Global Initiative, commended UNFPA for its leadership role in dealing with the private sector. The other delegation underscored that it was impressed and encouraged by the tangible and concrete results obtained by the Global Initiative, in particular by the increasing commitment of developing countries to strengthen national logistics management capacity by themselves.

177. The Deputy Executive Director (Programme), thanked the delegations for their positive comments and encouragement.

178. The Executive Board took note of the oral report on the UNFPA Global Initiative on Contraceptive Requirements and Logistics Management Needs in Developing Countries, including the private sector initiative.

XI. COORDINATING COMMITTEE ON HEALTH

179. The Executive Board had before it the report of the first meeting of the WHO/UNICEF/UNFPA Coordinating Committee on Health (DP/FPA/1998/CRP.4). In her introductory remarks, the Executive Director reported that the first meeting of the WHO/UNICEF/UNFPA Coordinating Committee on Health (CCH) had taken place on 3-4 July 1998 at the headquarters of the World Health Organization (WHO) in Geneva. She noted that at that meeting she had underscored the relevance of the decision of the Executive Board to propose the inclusion of UNFPA and to indicate the ways in which the Fund's inclusion in the deliberations of the former United Nations Children's Fund (UNICEF)/WHO Joint Committee on Health Policy (the predecessor of CCH) would facilitate inter-agency collaboration and coordination. She observed that the first meeting of CCH had highlighted the

issues of common approaches; a better exchange of methodologies, data and knowledge; and greater harmony in collaboration at country level. The Executive Director thanked the Executive Board members from Antigua and Barbuda, Botswana, the Netherlands and Thailand who had participated in the meeting and also conveyed special thanks to the rapporteur. She noted that it augured well for the future of CCH that the terms of reference for CCH were agreed upon by all three agencies without debate. CCH had reviewed the status of programming in the areas of maternal mortality reduction, vitamin A deficiency, and adolescent reproductive health and agreement had been reached on the key actions required to accelerate programming in each of those areas.

180. The Executive Director stated that CCH had also recommended close cooperation with the World Bank on relevant issues and noted that informal participation of the World Bank on specific agenda items at future meetings would be welcomed. She added that UNFPA was scheduling a meeting with the World Bank to discuss the outcome of the CCH meeting, including how to involve the Bank in follow-up actions to the various CCH recommendations. She noted that the next meeting of CCH would be held in the second half of 1999. She hoped that at that meeting the specific roles and responsibilities of each agency in the follow-up to recommendations would be better defined. She added that one way might be for some of the Executive Board members to examine the programmes of the three agencies in their respective countries in selected areas, such as adolescence and maternal health. The Executive Director concluded by noting that she was convinced that CCH would become an important instrument in helping the three agencies to work together more effectively and efficiently in support of national health and development programmes, particularly national reproductive health programmes.

181. During the ensuing discussion, several delegations stated that they were pleased to note that the inaugural meeting of CCH had taken place and, importantly, that UNFPA was now a part of CCH. Many delegations stressed the importance of implementing the recommendations of CCH at the field level and underscored the need to enhance and strengthen collaboration and coordination among the three CCH organizations at the country level, including in addressing such sensitive issues as adolescent reproductive health, family planning, and unsafe abortion. A number of delegations pointed out that the frequency of CCH meetings should be increased to at least once a year in order to ensure the continuity and impact of the work of CCH. Several delegations emphasized the importance of including the World Bank in CCH and noted that, given the Bank's key role in the health sector, it should be more fully involved in CCH. One delegation asked how CCH would build on existing mechanisms such as the United Nations Development Assistance Framework (UNDAF) process, the theme groups at country level and the Joint United Nations Programme on HIV/AIDS (UNAIDS). Another delegation, while emphasizing that CCH members should have a clear idea of the outcomes desired, stressed that reporting on the progress made by CCH should be included in the annual reports that the three organizations provided to their respective Executive Boards. The same delegation asked specifically how many of the 16 members of CCH came from each of the three Boards. One delegation noted with satisfaction the prominence given to the issue of safe motherhood at the first meeting of CCH and added that it should continue to be accorded high priority. Another delegation asked whether CCH planned to address cross-cutting issues such as safe motherhood and malaria. All the delegations

that made interventions stated that they endorsed the terms of reference of CCH. One delegation noted that the Executive Director of UNFPA had said at the inaugural CCH meeting that she hoped the Committee would deal with the issue of complementarity among the three agencies and with the need for a clear division of labour among the three agencies. The delegation expressed its full support for the position taken by the Executive Director.

182. In her response, the Executive Director noted that the first meeting of CCH was indeed a milestone. She thanked the Executive Board for its key role in ensuring that UNFPA became a member of CCH. She stated that the report of the first meeting would be distributed to all UNFPA field offices and the Fund would discuss with its CCH partners what each would do at the field level in such key areas as, inter alia, safe motherhood, adolescent reproductive health, and maternal mortality reduction. She agreed that safe motherhood should be given high priority. The Executive Director stated that CCH guidelines should be included in the UNDAF process and the agreements of CCH should be implemented by the theme groups in health that were being established at the country level. She also agreed with the suggestion that there should be a common report on the CCH meeting. With regard to coordination at the country level, she suggested that prior to the next meeting it would be useful if Executive Board members that served on CCH could examine, in their respective countries, the effectiveness of coordination among the three CCH organizations. Concerning the participation of the World Bank in CCH, she noted her support and that the issue had also been discussed at the inaugural meeting. CCH was keen that the World Bank participate in its meetings. Preliminary informal discussions between the World Bank and UNFPA suggested that the Bank was interested in participating at a technical level. CCH would continue to discuss how the Bank could be more closely involved in its work. She added that UNAIDS had participated in the first meeting as an observer. She also noted that CCH had also felt that its meetings should be held at least once a year. With regard to the membership, she pointed out that six members came from the WHO Executive Board and five each, respectively, from the UNICEF and UNFPA Executive Boards. That reflected the fact that the WHO Board was composed of six regions while the Boards of UNICEF and UNFPA were composed of five regions each. She agreed that coordination at the country level was essential and noted that one agenda item suggested for the next CCH meeting was an examination of the implementation of CCH recommendations at the field level.

183. The Executive Board took note of the report on the first meeting of the WHO/UNICEF/UNFPA Coordinating Committee on Health (DP/FPA/1998/CRP.4) and the comments thereon; and endorsed the Committee's terms of reference as contained in the report.

XII. OTHER MATTERS

Closing statements

184. The Administrator reported that the UNDP 2001 change management process was being pursued vigorously; he would report at greater length at the first regular session 1999. In terms of the current session, he expressed deep appreciation for the decisions on the successor programming arrangements and on the funding

strategy. He said that in order for the funding strategy to be a success it had to be based on a compact between the Executive Board and the administration, with the result that the two would work together. In that regard, he thanked Vice-President Alan March, who had headed up the Open-Ended, Ad Hoc Working Group on the funding strategy for UNDP, for his efforts as well as those of many other delegates who had devoted significant amounts of time and energy to that important issue. He also thanked the President of the Executive Board and the other Vice-Presidents, all of whom had rendered such effective service during their tenures. He thanked several members of the UNDP staff and informed the Board that the Director of the Office of Budget, Mr. Ad De Raad, would be vacating that post and transferring to the headquarters of the United Nations Volunteers in Bonn, Germany. The Administrator noted that Argentina, Australia, Belize, Madagascar, Malaysia, the Netherlands and Romania would not be members of the Executive Board the following year and thanked those delegations for their commitment to the work of the Board.

185. In her concluding remarks, the Executive Director of UNFPA thanked the Executive Board for the very positive dialogue and discussion that had taken place and underscored that UNFPA greatly valued and appreciated the advice and guidance provided by the Board. She stressed the importance of a funding goal of $400 million and noted that serious thought should also be given to a goal of $1.14 billion in the year 2002. She stated that, more importantly, the Board should consider what UNFPA could deliver so that in 10 years time it could look back and see the concrete contribution made in helping to reduce maternal mortality, infant mortality and in increasing the choices and reproductive health and reproductive rights that every woman and every couple around the globe possessed.

186. The Deputy Executive Director (Policy and Administration) thanked the Executive Board for the guidance provided to UNFPA at the current session and throughout the year, in particular for initiating the process that had culminated in the adoption of decision 98/24 on the UNFPA funding strategy. He thanked the President and the Bureau members for their able leadership and paid tribute to the former President of the Board, Mr. Hans Lundborg, for first sowing the idea of a funding strategy for UNFPA and for his dynamic commitment to achieving that goal. He also paid tribute to Vice-President Alan March for his unflagging commitment and tireless efforts in ensuring that the consultative process came to a fruitful end. The Deputy Executive Director reconfirmed the Fund's resolve to work with its partner organizations in the United Nations system and other development partners to fulfil the commitments made in the funding strategy decision. He went on to thank UNFPA and UNDP colleagues, particularly in the secretariat of the Board, as well as all conference officers and interpreters for their contributions in ensuring the success of the session.

187. Both the Executive Director and the Deputy Executive Director wished the Administrator every success in his new undertakings in academia, which would commence the following summer, and reiterated that they would continue to work closely with him until the end of his term.

188. The President of the Executive Board expressed his appreciation to the entire Board for the commitment they had shown during the year. He singled out each of the Vice-Presidents and commended them for the work they had done. He

concluded by expressing gratitude to the Administrator and the Executive Directors of UNFPA and UNOPS and their staffs for the support they had provided him during his term as President of the UNDP/UNFPA Executive Board.

189. The Executive Board concluded its work by adopting the following decision:

98/25. Overview of decisions adopted by the Executive Board at its third regular session 1998

14-16 September and 21-22 September 1998

The Executive Board

Recalls that during the third regular session 1998 it:

ITEM 1: ORGANIZATIONAL MATTERS

Approved the agenda and work plan for its third regular session 1998 (DP/1998/L.4 and Corr.1) as orally amended;

Approved the reports of the second regular session 1998 and annual session 1998 (DP/1998/15 and DP/1998/27);

Took note of the proposed annual work plan 1999 for the UNDP/UNFPA Executive Board (DP/1998/CRP.10);

Agreed to the following schedule of future sessions of the Executive Board in 1999 subject to the approval of the Committee on Conferences:

First regular session 1999:	25-29 January 1999
Second regular session 1999:	5-9 April 1999
Annual session 1999:	14-25 June 1999 (New York)
Third regular session 1999:	13-17 September 1999

Agreed to the subjects to be discussed at the first regular session 1999 of the Board, as listed in the annex to the present decision;

UNDP SEGMENT

ITEM 2: PROGRESS REPORT ON UNDP 2001

Agreed to postpone consideration of the progress report on UNDP 2001 to the first regular session 1999;

ITEM 3: FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Took note of the report on the annual review of the financial situation 1997 (including a report on the implementation of the budget for the biennium 1998-1999) (DP/1998/29 and DP/1998/29/Add.1);

Took note of the report on the activities of the Inter-Agency Procurement Services Office (DP/1998/30);

Took note of the 1997 Annual Statistical Report (DP/1998/31);

Took note of the report of the Advisory Committee on Administrative and Budgetary Questions on revision of financial regulations of the United Nations Development Programme (DP/1998/37);

Adopted decision 98/18 of 22 September 1998 on the revisions to the UNDP Financial Regulations and Rules;

Took note of the report on United Nations system technical cooperation expenditure 1997 (DP/1998/33 and DP/1998/33/Add.1);

ITEM 4. COUNTRY COOPERATION FRAMEWORK AND RELATED MATTERS

Adopted decision 98/19 of 23 September 1998 on successor programming arrangements;

Approved the following country cooperation frameworks:

I

First country cooperation framework for Burundi (DP/CCF/BDI/1);

First country cooperation framework for Equatorial Guinea (DP/CCF/EQG/1);

II

First country cooperation framework for Costa Rica (DP/CCF/COS/1);

First country cooperation framework for Paraguay (DP/CCF/PAR/1);

Approved the extensions of the following country cooperation framework and country programmes:

I

Extension of the first country cooperation framework for Bangladesh (DP/CCF/BGD/1/EXTENSION I);

II

Second extension of the third country programme for the Cayman Islands (DP/CP/CAY/3/EXTENSION II);

Extension of the fifth country programme for Ecuador (DP/CP/ECU/5/EXTENSION I);

Took note of the oral report on the implementation of the first country cooperation framework for Nigeria;

Took note of the oral report on assistance to the Democratic Republic of the Congo;

ITEM 5. UNOPS: FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Adopted decision 98/20 of 21 September 1998 on the UNOPS revised budget estimates for the biennium 1998-1999;

Took note of the report of the Advisory Committee on Administrative and Budgetary Questions on the UNOPS revised budget estimates for the biennium 1998-1999 (DP/1998/36);

ITEM 6. UNITED NATIONS DEVELOPMENT FUND FOR WOMEN

Took note of the oral report on the United Nations Development Fund for Women;

ITEM 7. RESOURCE MOBILIZATION

Adopted decision 98/23 of 23 September 1998 on the funding strategy for UNDP;

UNFPA SEGMENT

ITEM 8. UNFPA: RESOURCE MOBILIZATION

Adopted decision 98/24 of 23 September 1998 on the funding strategy for UNFPA;

ITEM 9. UNFPA: FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Took note of the report on the UNFPA annual financial review 1997 (DP/FPA/1998/9);

Adopted decision 98/21 of 16 September 1998 on the revision of UNFPA Financial Regulations;

Took note of the report of the Advisory Committee on Administrative and Budgetary Questions on the revision of financial regulations of UNFPA and the review of multi-bilateral trust-fund arrangements of UNFPA (DP/FPA/1998/14);

Adopted decision 98/22 of 22 September 1998 on UNFPA multi-bilateral trust-fund arrangements;

Took note of the progress report on the implementation of the UNFPA 1998-1999 biennial support budget (DP/FPA/1998/12);

ITEM 10. SOUTH-SOUTH COOPERATION

Took note of the progress report on UNFPA support to Partners in Population and Development (DP/FPA/1998/13) and approved the continuing working relationship between UNFPA and the Partners in Population and Development as contained in the report;

ITEM 11. COUNTRY PROGRAMMES AND RELATED MATTERS

Approved the extensions of the following country programmes:

Extension of Assistance to the Government of Pakistan (DP/FPA/PAK/5/EXT 1);

Extension of Assistance to the Government of the Philippines (DP/FPA/PH/4/EXT 1);

Extension of Assistance to the Governments of Kazakhstan, Azerbaijan, Tajikistan, Turkmenistan, Uzbekistan and Kyrgyzstan (DP/FPA/KATTUK/1/EXT 1);

Took note of the oral report on the UNFPA Global Initiative on Contraceptive Requirements and Logistics Management Needs in Developing Countries, including the private sector initiative;

ITEM 12. COORDINATING COMMITTEE ON HEALTH

Took note of the report on the first meeting of the WHO/UNICEF/UNFPA Coordinating Committee on Health (DP/FPA/1998/CRP.4) and the comments thereon, and endorsed the Committee's terms of reference as contained in the report;

ITEM 13. SECTOR-WIDE APPROACHES

Decided to postpone consideration of the report on UNFPA and sector-wide approaches (DP/FPA/1998/CRP.5) to the second regular session 1999 of the Executive Board;

ITEM 14. OTHER MATTERS

Decided to postpone the review of the reports on the field visits to Bangladesh, Tunisia and Lebanon, and South Africa (DP/1998/CRP.13; DP/1998/CRP.14; and DP/1998/CRP.15) to the first regular session 1999.

23 September 1998

Annex

EXECUTIVE BOARD OF UNDP/UNFPA

DRAFT WORK PLAN 1999

First regular session 1999 (25-29 January 1999)

(5 working days)

Item No.	Nature of report	Action/ Information	Time allotted	Item and subject
1				ORGANIZATIONAL MATTERS
		A		Election of the Bureau for 1999
	Official (DP/1999/L.1)	A		Provisional agenda, annotations, list of documents
	Official	A		Report on the third regular session 1998
	Official	I	½ day	Decisions adopted by the Executive Board in 1998
	CRP	A		Annual work plan 1999 for UNDP/UNFPA Executive Board (96/25)
				JOINT UNDP/UNFPA SEGMENT
2				FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS
	Official	I	½ day	Updated overview of implementation of recommendations of the Board of Auditors (97/2 and 97/3)

Item No.	Nature of report	Action/ Information	Time allotted	Item and subject
				UNDP SEGMENT
3				UNDP 2001
	CRP	I		Progress report on implementation of change management (97/15)
4			1 day	COUNTRY COOPERATION FRAMEWORKS AND RELATED MATTERS
	CRP	A		Follow-up to decision 98/19 on successor programming arrangements
	Official	A		Country cooperation frameworks
				INFORMATION AND COMMUNICATION STRATEGY
5	Oral	I	½ day	Presentation on key areas of communication needs (98/15)
6				SPECIAL FUNDS AND PROGRAMMES
	Official	I	1 day	Reports on activities of the Global Environment Facility, Montreal Protocol, the Office to Combat Desertification and Drought (UNSO) and the United Nations Revolving Fund for Natural Resources Exploration (92/2)
7				RESOURCE MOBILIZATION
	CRP	A	½ day	Follow-up to decision 98/23 on UNDP funding strategy
8				FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS
		A		Report on UNDP financial risk assessment